WASTE DISPOSAL AND SERVICE AGREEMENT

AMONG

CITY OF ALEXANDRIA, VIRGINIA,

COUNTY OF ARLINGTON, VIRGINIA

AND

COVANTA ALEXANDRIA/ARLINGTON, INC.

DATED January __, 2012
TABLE OF CONTENTS

ARTICLE 1. Definitions .............................................................................................................1
Section 1.1 Definitions ............................................................................................................1
Section 1.2 Interpretation ........................................................................................................11

ARTICLE 2. General Provisions ..........................................................................................12
Section 2.1 Delivery of Acceptable Waste to the Facility .....................................................12
Section 2.2 Minimum Monthly and Annual Tonnage Amounts; Adjustments ..................12
Section 2.3 Term ....................................................................................................................13
Section 2.4 Residue Disposal; Lorton Landfill ....................................................................14

ARTICLE 3 Delivery and Processing of Acceptable Waste; Rejection Rights; Residue
Disposal; Weighing and Related Matters; Emergency and Other Deliveries ...............15
Section 3.1 Acceptance of Solid Waste by the Company at the Facility; Receiving Time ....15
Section 3.2 Rejection of Deliveries; Diverted Waste ............................................................15
Section 3.3 Delivery Procedures .............................................................................................16
Section 3.4 Vehicle Identification ..........................................................................................16
Section 3.5 Weighing; Company Delivery of Data and Information ..................................17
Section 3.6 Resident Receiving Area .....................................................................................17

ARTICLE 4 Acceptance Fee and Other Fees and Rebates .................................................18
Section 4.1 General ...............................................................................................................18
Section 4.2 Acceptance Fee Formula ....................................................................................18
Section 4.3 Monthly Disposal Fee ........................................................................................18
Section 4.4 Lorton Landfill Residue Disposal Credit/Rebate ................................................19
Section 4.5 Change in Law Charge/Credit ..........................................................................19
Section 4.6 Shortfall Fee; Rebate ........................................................................................22
Section 4.7 Excess Tonnage Fee ..........................................................................................24
Section 4.8 Discriminatory Tax .............................................................................................24
Section 4.9 Most Favored Nation .........................................................................................24
Section 4.10 Unamortized Capital Cost resulting from Change(s) in Law During the Term ...25
Section 4.11 Jurisdiction Obligations ....................................................................................26

ARTICLE 5 Unacceptable Waste; Hazardous Waste ..........................................................26
Section 5.1 Unacceptable Waste ...........................................................................................26

ARTICLE 6 Billing and Payments .......................................................................................28
ARTICLE 7 Insurance and Indemnification ................................................................. 29
Section 7.1 Jurisdictions Insurance .......................................................................... 29
Section 7.2 Jurisdiction Indemnification ................................................................. 29
Section 7.3 Company Insurance .............................................................................. 30
Section 7.4 Company Indemnification ..................................................................... 31

ARTICLE 8 Governmental Regulation ................................................................... 31
Section 8.1 Compliance with Applicable Law .......................................................... 31
Section 8.2 Permits .................................................................................................... 31

ARTICLE 9 Suspension Due To Force Majeure; Jurisdiction Fault; Termination Due To Force Majeure ................................................................. 31
Section 9.1 Suspension of Obligations; Notice of an Event of Force Majeure .......... 31
Section 9.2 Efforts to Remove Condition ................................................................ 32
Section 9.3 Jurisdiction Fault .................................................................................. 33

ARTICLE 10 Alternate Facility; Events of Default; Termination ............................ 33
Section 10.1 Alternate Facility .................................................................................. 33
Section 10.2 Partial Reductions Due to a Forced Outage or Event of Force Majeure .................................................................................................................... 34
Section 10.3 Events of Default of the Company ....................................................... 35
Section 10.4 Events of Default of Jurisdictions ....................................................... 36
Section 10.5 Remedies on Default .......................................................................... 36
Section 10.6 Change in Law ..................................................................................... 37

ARTICLE 11 Representation and Warranties ......................................................... 38
Section 11.1 Representations and Warranties of the Jurisdictions ......................... 38
Section 11.2 Representations and Warranties of the Company .............................. 38
Section 11.3 Liability for Breach .............................................................................. 39

ARTICLE 12 Conditions Precedent to Execution Date and Effective Date .......... 39
Section 12.1 Execution Date; Effective Date ............................................................ 39

ARTICLE 13 Company Covenants .......................................................................... 39
Section 13.1 Permit Modifications ............................................................................ 39
Section 13.2 Supplemental Waste .......................................................................... 39
Section 13.3 Facility Operations .............................................................................. 39
Section 13.4. Community Outreach ................................................................. 40
Section 13.5 Meetings with the Jurisdictions; Access to the Facility; Inspection and Reporting. ................................................................. 40
Section 13.6 Jurisdiction-Requested Improvements ........................................ 41
Section 13.7 Transfer of Facility Documentation Upon Termination or Expiration of the Site Lease ................................................................. 41
Section 13.8 Tours and Operations Transfer .................................................... 41

ARTICLE 14 Miscellaneous ........................................................................... 42
Section 14.1 Governing Law ................................................................. 42
Section 14.2 Consent of Jurisdiction ............................................................... 42
Section 14.3 Entire Agreement ................................................................. 42
Section 14.4 Waiver ............................................................................... 42
Section 14.5 Modifications .......................................................................... 43
Section 14.6 Successors and Assigns ............................................................. 43
Section 14.7 Notices .............................................................................. 43
Section 14.8 Further Actions ................................................................. 44
Section 14.9 Counterparts .......................................................................... 44
Section 14.10 Severability ......................................................................... 44
Section 14.11 Rights of Third Parties ........................................................... 45
Section 14.12 Assignment ......................................................................... 45
Section 14.13 Headings for Convenience .................................................... 45
Section 14.14 Liability of Officers and Employees ......................................... 45
Section 14.15 Pledge of Credit ................................................................... 45
Section 14.16 Specific Performance .............................................................. 45
LIST OF SCHEDULES AND EXHIBITS

Schedules

Schedule 1    Initial Delivery Schedule
Schedule 2    Base Tipping Fee, Excess Tonnage Tip Fee and Adjustment Factor
Schedule 3    Form of Company Invoice
Schedule 4    Unacceptable Waste Definition
Schedule 5    Supplemental Waste Definition
Schedule 6    Monthly Reports
Schedule 7    Radiation Detection Standards and Requirements
Schedule 8    Monthly Shortfall Fee and Most Favored Nation Calculation Examples

Exhibits

Exhibit A     Amendment to Site Lease
Exhibit B     Amendment to Operating Lease
Exhibit C-1   Hauler Rules and Regulations
Exhibit C-2   Vehicle Identification Procedure
Exhibit C-3   Resident Area Rules and Regulations
Exhibit D     Guaranty
Exhibit E     Form of Confidentiality Agreement
WASTE DISPOSAL AND SERVICE AGREEMENT

THIS WASTE DISPOSAL AND SERVICE AGREEMENT (this "Agreement") is entered into as of January __, 2012 (the "Execution Date"), by and among COVANTA ALEXANDRIA/ARLINGTON, INC., a Virginia corporation having its principal place of business at 445 South Street, Morristown, New Jersey 07960 (the "Company"), the CITY OF ALEXANDRIA, VIRGINIA (the "City"), and the COUNTY OF ARLINGTON, VIRGINIA (the "County"). The City and the County may each be referred to herein as a "Jurisdiction", or collectively as the "Jurisdictions". The City, the County and the Company may each be referred to herein as the "Party", or collectively as the "Parties", as the usage of such term may require.

WITNESSETH:

WHEREAS, except for certain improvements owned by the Jurisdictions and leased to the Company pursuant to the Operating Lease (as defined below), the Company owns and operates the energy-from-waste facility located at 5301 Eisenhower Avenue, Alexandria, Virginia 22304 (the "Facility");

WHEREAS, the Jurisdictions and the Company (among other parties) entered into (a) an Amended and Restated Facility Construction and Operation Agreement dated as of October 1, 1985, as amended (the "Operation Agreement"), for the construction and operation of the Facility, which Operation Agreement expires on January 1, 2013; (b) an Amended and Restated Site Lease dated as of October 1, 1985, as amended (the "Site Lease"), for lease of the Facility Site (as defined herein) to the Company, which Site Lease expires on October 1, 2025; and (c) an Operating Lease Agreement dated as of November 1, 1998 (the "Operating Lease") for certain environmental improvements to the Facility owned by the Jurisdictions and leased to the Company, which Operating Lease expires on October 1, 2025;

WHEREAS, the Jurisdictions and the Company desire to enter into this Agreement pursuant to which, commencing on the Effective Date (as defined herein), the Company will continue to accept, Process and dispose of, and the Jurisdictions will deliver (or caused to be delivered) and pay for the disposal and Processing of Acceptable Waste, all in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Company and the Jurisdictions hereby agree as follows:

ARTICLE 1. Definitions.

Section 1.1 Definitions. The following words and phrases shall have the following meanings when used in this Agreement:
"Acceptable Waste" means

(a) household garbage, trash, rubbish and refuse of the kinds normally generated by residential housing units located in the Jurisdictions, including, without limitation,

(i) large household items such as beds, mattresses, sofas, refrigerators, washing machines, automobile parts, furnaces, and roofing materials of the types and in proportionate amounts that are generally collected by the Jurisdictions and/or their contract haulers from residential housing units located in the City and the County; and

(ii) leaves, twigs, grass, brush and plant cuttings; and

(b) the types of commercial and light industrial waste that are normally generated by governmental, commercial and light industrial and manufacturing establishments located in the City and the County.

In no event shall Acceptable Waste include any materials that are Unacceptable Waste. At any time, the Jurisdictions and the Company mutually may agree that any materials initially defined as Unacceptable Waste shall be reclassified as Acceptable Waste.

"Acceptance Fee" means the amounts calculated in accordance with Section 4.2 payable to the Company by the Jurisdictions.

"Adjustment Factor" shall have the meaning set forth on Schedule 2 attached hereto.

"Affiliate" means an entity which is directly or indirectly controlled by, or under common control of, Covanta Energy Corporation, a Delaware corporation, or any successor thereto.

"Aggregate Monthly Shortfall Tonnages" means the sum of the Monthly Shortfall Tonnages during the pertinent Contract Year.

"Aggregate Residue Change in Law Cost" has the meaning given in Section 4.5(b).

"Alternate Facility" has the meaning given in Section 10.1(a).

"Alternate Facility Costs" shall mean (i) increased cost of transportation, fuel and the cost to contract for additional trucks (including labor), including additional charges of contractor(s) of the Jurisdiction(s), required as a result of the use of the Alternate Facility; (ii) the tipping fee at the Alternate Facility, if paid by the Jurisdiction(s); and (iii) the cost, plus ten percent (10%), of additional overtime incurred only by Jurisdiction employees as a result of the use of the Alternate Facility.
“Annual Capital Cost” means an amount determined by dividing (a) the total capital cost of the capital alteration or capital project (as such terms are either defined or used under GAAP) to the Facility necessitated by a Change in Law, plus Markup, but exclusive of any other markup, profit and overhead, subject to Cost Substantiation, by (b) a straight-line depreciation basis (not accelerated) using the asset depreciable period for the applicable capital item as set forth in Section 168 of the Internal Revenue Code.

“Annual Facility Capacity” means 350,000 Tons per Contract Year.

“Annual Shortfall Calculation” has the meaning given in Section 4.6(b)(i).

“Annual Shortfall Fee” has the meaning given in Section 4.6(c)(ii).

“Annual Shortfall Rebate” has the meaning given in Section 4.6(c)(ii).

“Annual Shortfall Tonnage” has the meaning given in Section 4.6(b)(i).

“Applicable Law(s)” means every applicable federal, Virginia, County, City or local law, code, rule, mandate, statute, regulation, ordinance, municipal charter provision, order, decree, Permit, license, judgment, or other governmental requirement or resolution, the common law arising from final, nonappealable decisions of Governmental Authorities in the United States, and any interpretation or administration of any of the foregoing by any Governmental Authority, which applies to the services or obligations, or both, of any Party under this Agreement, whether now or hereafter in effect.

“Base Tipping Fee” means the per Ton tipping fee in effect for the Contract Year as set forth on Schedule 2, and as reduced to zero dollars ($0) in accordance with Section 4.3(b) during the Extended Term.

“Billing Month” means each calendar month in each Contract Year, except that (a) the first Billing Month shall begin on the Effective Date and end at the end of the last day of the month in which such Effective Date occurs and (b) the last Billing Month shall end concurrently with the end of the Term, or, as applicable, the date of termination of this Agreement.

“Business Day” means each Monday, Tuesday, Wednesday, Thursday and Friday, which is not a legal holiday in the Commonwealth of Virginia.

“Capital Project” has the meaning given in Section 4.10.

“Change in Law” means either (a) the enactment, adoption, promulgation, modification, written interpretation or reinterpretation, written guideline or repeal, subsequent to the Effective Date, of any law, ordinance, code, rule, regulation or similar legislation by any Federal, Virginia, County or other governmental body, or (b) the modification of or the imposition of any conditions on the issuance, modification or renewal of any official permit, license or approval subsequent to the Effective Date, which in the case of either (a) or (b), establishes requirements affecting the operation of the Facility which are more burdensome than and adversely
inconsistent with the most stringent requirements which are applicable to the Facility or the Company, as the case may be, and which are contained in any applicable laws with respect to the Facility in effect as of the Effective Date.

Any change after the Execution Date in any Applicable Laws in existence and established as of the Execution Date regarding duties, fees, charges, levies, assessments, rates or similar impositions of Governmental Authorities, but not including taxes (for purposes of this and the immediately succeeding sentence), which change increases or decreases such duties, fees, charges, levies, assessments, rates or similar impositions of Governmental Authorities shall not be considered a Change in Law or any other Event of Force Majeure under this Agreement; provided that a material structural change in such Applicable Law (exclusive of tax law and utilities charges and fees) affecting the operation of the Facility shall constitute a Change in Law, but only to the extent such change increases the incremental cost of such Applicable Law. The enactment into law after the Execution Date of any federal, Virginia or local tax law shall not be considered a Change in Law or any other Event of Force Majeure under this Agreement. In no event, shall any change in tax law, federal, Virginia, local or otherwise, be considered a Change in Law. For purposes of clarity, the Discriminatory Tax provision in Section 4.8 shall nevertheless be applicable pursuant to the terms of such provision.

"Change in Law Charge" has the meaning given in Section 4.5(c).

"Change in Law Credit" has the meaning given in Section 4.5(d).

"City" has the meaning ascribed to it in the opening paragraph of this Agreement.

"Company" has the meaning ascribed to it in the opening paragraph of this Agreement.

"Company Change in Law Notice" has the meaning given in Section 4.5(f).

"Company Indemnified Parties" has the meaning given in Section 7.2.

"Confidentiality Agreement" means the form of Confidentiality Agreement, in form and substance, attached hereto as Exhibit E.

"Contract Year" means a Fiscal Year comprised of twelve (12) months, except that (a) the first Contract Year shall commence on the Effective Date and end at the end of the Fiscal Year in which the Effective Date occurred and (b) the last Contract Year shall end concurrently with the end of the Term, or as applicable, the date of termination of this Agreement.

"Cost Substantiation" means, with respect to any cost or expense incurred by any Party, a certificate signed by the Party with respect to the Party’s asserted increase and incremental Direct Costs incurred by the Party, stating (a) the reason for incurring such Direct Cost, (b) the amount of such Direct Cost, (c) the act, event, condition or Section under this Agreement giving rise to the Party’s right to incur such Direct Cost, and (d) that such Direct Cost is at a fair market value price for the service provided or materials supplied (it being understood that such services or materials may be provided or supplied by an Affiliate). Any certification provided by any
Party to the other Parties shall include copies of all invoices or charges, together with any additional reasonable documentation of such costs or expenses incurred which the other Party deems reasonably necessary to verify the amount of such costs and expenses and to demonstrate the basis for the amount claimed.

“County” has the meaning ascribed to it in the opening paragraph of this Agreement.

“Cure”, “Cured” or “Curing” means any repair, replacement, change, modification, reconstruction, cure, remedy or correction to or on the Facility.

“Direct Cost(s)” means, in connection with any cost or expense incurred by any Party, the sum of:

(a) the costs of the Party’s payroll directly related to the performance of any obligation of the Party pursuant to the terms of this Agreement, consisting of compensation and fringe benefits, including vacation, sick leave, holidays, retirement, worker’s compensation insurance and employer’s liability insurance and in the case of the Company, not otherwise provided by the Company pursuant to the provisions of Section 7.3, federal and Virginia unemployment taxes and all medical and health insurance benefits plus Markup but exclusive of any other markup, profit and overhead, excluding retirees medical and health benefits, plus

(b) the sum of (1) payments of reasonable costs to subcontractors necessary to and in connection with the performance of the Party’s obligations, plus (2) the costs of equipment, materials, direct rental costs and supplies purchased by such Party (equipment manufactured or furnished by, and services, materials and supplies furnished by, the Party or its Affiliates shall be considered purchased materials at their actual invoice cost, provided such cost is an arm’s length fair market value cost), plus (3) interest and transaction costs of financing items described in the foregoing clauses (1) and (2), plus

(c) subject to Applicable Law, the reasonable costs of travel and subsistence incurred by any employee of the Party.

This definition shall be applicable whenever this term is identified in this Agreement unless the Parties shall otherwise agree in writing.

“Discriminatory Tax” has the meaning given in Section 4.8.

“Diverted Waste” means Acceptable Waste that the Company is required to accept at the Facility for Processing under this Agreement but (a) which is not accepted by the Company because of an Event of Force Majeure or (b) which is wrongfully refused by the Company.

“Effective Date” means January 1, 2013 at 12:01 a.m., or such other date and time mutually agreed in writing by the Parties.

“Event of Default” means any of the events of default set forth in Sections 10.3 or 10.4.
"Event of Force Majeure" means the following acts, events or conditions or any combination thereof that has had or may reasonably be expected to have a direct, material, adverse effect on the rights or obligations of a Party to this Agreement; provided, however, that such act, event or condition shall be beyond the reasonable control of the Party relying thereon as justification for not performing an obligation or complying with any condition required of such Party under the terms of this Agreement:

(a) An act of God such as severe natural conditions such as landslide, lightning, earthquake, flood, hurricane, blizzard, tornado or other severe weather conditions, severe sea conditions (affecting delivery of materials) or similar cataclysmic occurrence, nuclear catastrophe, an act of public enemy, war, blockade, insurrection, sabotage, vandalism, theft, riot, general arrest or general restraint of government and people;

(b) A Change in Law;

(c) The loss of any utility services necessary for the operation of the Facility for reasons other than, as applicable, Company Fault or Jurisdiction Fault;

(d) The presence of any subsurface or latent physical condition (including the presence of Hazardous Waste or other contamination or pollution, but excluding such materials brought to the Facility Site by or generated by the Company or its subcontractors) at or on the Facility which shall prevent or materially adversely affect the Company’s obligations hereunder; provided that the condition was unknown to the Company on, and could not have been discovered with reasonable diligence by the Company on or before the Execution Date;

(e) The condemnation, taking, seizure, involuntary conversion or acquisition of title to or use of the Facility or any material portion or part thereof, or the alternate disposal facility then being used by the Company to carry out its obligations hereunder by the action of any federal, state or local government or governmental agency or authority; and

(f) The unavailability of any and all Landfills (other than the Lorton Landfill) in Delaware, Maryland, North Carolina, Pennsylvania, Virginia and West Virginia.

"Excess Annual Tonnage Threshold" means the Tons of Acceptable Waste during a Contract Year as set forth in Schedule 1, as the same may be modified or amended from time to time by the Jurisdictions pursuant to Section 2.2(b) or, in the case of the Extended Term, pursuant to Section 2.2(c).

"Excess Monthly Tonnage" means the Tons of Acceptable Waste during a Billing Month as set forth in Schedule 1, as the same may be modified or amended from time to time by the Jurisdictions pursuant to Section 2.2(b).

"Excess Tonnage Fee" has the meaning given in Section 4.7.
"Excess Tonnage Tip Fee" means the per Ton fee in effect for the Contract Year as set forth in Schedule 2 for acceptance and Processing by the Company at the Facility of Acceptable Waste delivered by or on behalf of the Jurisdictions in excess of the Excess Annual Tonnage Threshold in effect for the subject Contract Year.

"Extended Term" has the meaning given in Section 2.3(c).

"Extension Option" has the meaning given in Section 2.3(c).

"Facility" has the meaning ascribed in the recitals to this Agreement.

"Facility Site" means the real property, easements and rights of way on which the Facility is located as defined and depicted on Exhibit A to the Site Lease.

"Fiscal Year" means the fiscal year commencing on July 1 and ending on the immediately succeeding June 30.

"Forced Outage" has the meaning given in Section 10.1(a).

"GAAP" means generally accepted accounting principles in the United States in effect from time to time.

"Good Engineering Practice" means those practices, methods, techniques, specifications and standards of safety, maintenance, housekeeping, repair or replacement, as the same may change from time to time, as are commonly observed in the United States and commonly performed by competent, qualified operators performing management, operation, maintenance, repair or replacement services for waste-to-energy facilities, which in the exercise of reasonable judgment and in light of the facts known at the time the decision was made, are considered good, safe and prudent practice in connection with such services.

"Governmental Authority(ies)" means any federal, Virginia, regional, City, County, or local government, any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, board, agency, commission, administration, bureau or court having jurisdiction over, as applicable, (a) the Facility, (b) the Facility Site, (c) the transactions relative to the Facility, (d) the performance of the Work, (e) the obligations or the rights, or both, of the Parties under this Agreement, (f) leases or property rights relative to the Facility Site, or (g) the sale, purchase or other disposition of commodities consumed, produced or generated by the Facility.

"Guarantor" has the meaning given in Section 12.1(a)(ii).

"Guaranty" has the meaning given in Section 12.1(a)(ii).

"Hauler Rules and Regulations" has the meaning given in Section 3.3.
“Hazardous Waste” means waste which is harmful, toxic or dangerous or is now or hereafter defined as hazardous waste in either the Solid Waste Disposal Act, 42 U.S.C. 6901 et seq., or the regulations thereunder, or under other applicable statutes, or the regulations thereunder, or any other material that cannot be accepted for disposal pursuant to the Facility’s applicable permits.

“Holidays” means New Year’s Day and Christmas Day.

“Initial Term” has the meaning given in Section 2.3(a).

“Jurisdiction Fault” means the negligence or willful misconduct of the Jurisdictions, or any agent, officer, commissioner, employee, contractor, subcontractor of or to the Jurisdictions which (a) prevents or, individually or collectively, materially interferes with or materially delays the City or the County’s performance of its obligations; (b) deprives the Company of any of its rights; or (c) materially increases the Company’s costs of performing its obligations hereunder or materially reduces it revenues, in any case, under this Agreement.

“Jurisdictions” has the meaning ascribed to them in the opening paragraph of this Agreement.

“Jurisdictions Indemnified Parties” has the meaning given in Section 7.4.

“Landfill” means the landfill or landfills the Company may lease, own, operate, contract with or designate during the Term; provided that the Company’s landfill or other landfill(s) shall always be permitted in accordance with all Applicable Laws and shall be permitted to accept the particular Residue, Unacceptable Waste or Acceptable Waste, as applicable, delivered to it in accordance with all Applicable Laws.

“Lorton Agreement” means (a) the Memorandum of Understanding I-95 Resource Recovery, Land Reclamation and Recreation Complex dated July 22, 1981 by and between the County of Fairfax, Virginia, the District of Columbia and the Metropolitan Washington Waste Management Agency; (b) the Supplemental Agreement to the Memorandum of Understanding I-95 Resource Recovery, Land Reclamation and Recreation Complex, dated as of April 21, 1982 by and between the County of Fairfax, Virginia and the District of Columbia, and the City and the County; (c) the supplemental correspondence between the City and the County and the County of Fairfax, Virginia dated November 22, 1983; January 23, 1984; and March 27, 1984; and (d) any amendments, modifications or supplements thereto.

“Lorton Landfill” means the landfill site located in Lorton, Virginia, operated by Fairfax County, Virginia under the Lorton Agreement.

“Losses” has the meaning given in Section 7.4.

“Markup” means wherever such term is used, overhead and profit equal to ten percent (10%) of the Company’s actual internal direct labor costs (i.e., Company or Affiliate employee.
wages or prorated salaries), including fringe benefits, directly attributable for the specific Work that is the subject of or basis for the Markup relative to the Change in Law. The term “Markup” includes no overhead and profit on any other service or obligation, equipment, tools, materials, supplies and Work other than that specifically recognized in the first sentence of this definition.

“Maximum Change in Law Cost” has the meaning given in Section 10.6(a).

“Maximum Unamortized Capital Cost” has the meaning given in Section 10.6(b).

“MFN Agreement” has the meaning given in Section 4.9(a).

“MFN Tipping Fee” has the meaning given in Section 4.9(a).

“MFN Tons” has the meaning given in Section 4.9(b).

“Minimum Annual Tonnage” means the Tons of Acceptable Waste during a Contract Year as set forth in Schedule 1, as the same may be modified or amended from time to time by the Jurisdictions pursuant to Section 2.2(b).

“Minimum Monthly Tonnage” means the Tons of Acceptable Waste during a Billing Month Year as set forth in Schedule 1, as the same may be modified or amended from time to time by the Jurisdictions pursuant to Section 2.2(b).

“Monthly Disposal Fee” has the meaning given in Section 4.3(a).


“Monthly Shortfall Fee” has the meaning given in Section 4.6(a).

“Monthly Shortfall Tonnage” has the meaning given in Section 4.6(a).

“Objection Notice” has the meaning given in Section 4.5(f).

“Operating Lease” has the meaning ascribed in the recitals to this Agreement.

“Operation Agreement” has the meaning ascribed in the recitals to this Agreement.

“Party” or “Parties” has the meaning ascribed to such terms in the opening paragraph of this Agreement.

“Permit(s)” means all actions, reviews, approvals, leases, property rights, consents, waivers, exemptions, variances, franchises, orders, permits, authorizations, rights, licenses, filings, zoning changes or variances, and entitlements, of whatever kind and however described, which are required under Applicable Law or by any Governmental Authority to be obtained or maintained by the Company to operate the Facility or perform the Work.
"Person" means a municipality, locality, corporation, partnership, business trust, trust, joint venture, company, firm or individual.

"Potential Residue Disposal Credit" means the Residue Disposal Credit or Residue Disposal Rebate, as applicable, the Jurisdictions would have been entitled to receive from the Company had the Company continued to dispose of Residue at the Lorton Landfill; provided, however, at the time of determination, the Lorton Landfill must be available to accept the disposal of Residue generated at the Facility.

"Power Purchase Agreement" means the Power Purchase and Operating Agreement dated as of October 22, 1985, as amended, among Alexandria/Arlington Resource Recovery Corporation, the City, the Alexandria Sanitation Authority, the County, Arlington Solid Waste Authority and the Virginia Electric and Power Company.

"Process," "Processed" or "Processing" means the combustion of Acceptable Waste through the Facility.

"Public Works Officials" mean the Persons who serve as the Director of the Department of Transportation and Environmental Services for the City and the Director of the Department of Environmental Services for the County.

"Receiving Time" means the period of operation of the Facility during which the Facility shall be open and available for the receipt and delivery of Acceptable Waste by or on behalf of the Jurisdictions which shall be open (a) Monday through Friday from 5:00 a.m. to 6 p.m. (Eastern Time), other than Holidays; (b) Saturday from 6:00 a.m. to noon (Eastern Time), other than Holidays; (c) on holidays (other than Holidays) from 6:00 a.m. to 3:00 p.m. (Eastern Time), (d) such other day(s) and time(s) in accordance with Section 3.1(c); and (e) during such other times that the Company and the Jurisdictions may mutually agree in writing.

"Renewal Term" has the meaning given in Section 2.3(b).

"Resident Area Rules and Regulations" has the meaning given in Section 3.6.

"Residue" means the material remaining after Acceptable Waste (including any Supplemental Waste) delivered by or on behalf of any Persons to the Facility is Processed, including fly ash, bottom ash, spent reagent and other materials which may or may not be recovered.

"Residue Change in Law" has the meaning given in Section 4.5(b).

"Residue Disposal Credit" has the meaning given in Section 4.4(a).

"Residue Disposal Rebate" has the meaning given in Section 4.4(b).

"Residue Unit Change in Law Cost" has the meaning given in Section 4.5(b).
"Site Lease" has the meaning ascribed in the recitals to this Agreement.

"Site Lease Term" means the term of the Site Lease.

"Solid Waste" shall have the meaning ascribed to such term pursuant to Applicable Law in the Commonwealth of Virginia.

"Term" means the Initial Term and, if applicable in accordance with Section 2.3, the Renewal Term and the Extended Term.

"Ton" means 2,000 pounds.

"Unacceptable Waste" means (a) Hazardous Waste and (b) the items set forth in Schedule 4 hereto.

"Unacceptable Waste Costs" has the meaning given in Section 5.1(b).

"Unamortized Capital Cost" has the meaning given in Section 4.10(c).

"Unit Change in Law Cost" has the meaning given in Section 4.5(a).

"Weighted Average Unit Change in Law Cost" means the sum of, for every Billing Month in which there is a Monthly Shortfall Tonnage during the pertinent Contract Year, the product of, for each such Billing Month, (a) the quotient resulting by dividing (i) the Monthly Shortfall Tonnage for such Billing Month, by (ii) the Aggregate Monthly Shortfall Tonnages during the pertinent Contract Year, multiplied by (b) the Unit Change in Law Cost for such Billing Month used in (a)(i) of this definition.

"Work" means all the obligations, duties, responsibilities, services and activities the Company is responsible for performing or causing to be performed pursuant to the requirements of this Agreement.

Section 1.2 Interpretation. In this Agreement, unless the context otherwise requires:

(a) The terms "hereby", "hereof", "herein", "hereunder", and any similar terms as used in this Agreement refer to this Agreement, and the term "heretofore" shall mean before, and the term "hereafter" shall mean after the Execution Date.

(b) Words of masculine gender shall mean and include correlative words of feminine and neuter genders and words importing the similar number shall mean and include the plural number and vice versa.
ARTICLE 2. General Provisions.

Section 2.1 Delivery of Acceptable Waste to the Facility.

(a) Delivery of Acceptable Waste; No Delivery Guarantee. Subject to this Section 2.1(a), during the Term, the Jurisdictions shall use all reasonable efforts to deliver, or cause to be delivered, to the Facility Acceptable Waste generated in the Jurisdictions which is collected, or caused to be collected, by the Jurisdictions. Subject to Section 4.6, nothing in this Agreement shall obligate the Jurisdictions to deliver any amount of Acceptable Waste in any Contract Year to the Facility and the failure of the Jurisdictions to deliver the Minimum Annual Tonnage in any Contract Year to the Facility shall not give rise to an Event of Default on the part of the Jurisdictions under this Agreement. Notwithstanding anything to the contrary in this Agreement, nothing shall limit the Jurisdictions’ waste reduction, recycling programs or collection programs, or any one or more of the foregoing, which are in effect and as are modified or amended from time to time, subject to the Jurisdictions’ payment (if any) of the Monthly Shortfall Fee as required by Section 4.6(a) and, if applicable, the Annual Shortfall Fee. The Jurisdictions shall not contract or subcontract, either directly or indirectly, with another Governmental Authority (other than arrangements or contracts (whether oral or written) with governmental agencies or units in effect as of the Execution Date) in order to meet their delivery obligations hereunder.

(b) Payment of Acceptance Fee. The Jurisdictions shall pay, or caused to be paid, the Acceptance Fee due to the Company by the Jurisdictions at such times and in such amounts as specified in Articles 4 and 6 as calculated with respect to the Jurisdictions, taking into account, in each case, any set-offs, credits or other deductions or adjustments recognized in Article 4 or other provisions of this Agreement. The payment obligations of the City and the County under this Agreement shall be joint and several.

(c) Delivery Vehicles. Except for resident deliveries pursuant to Section 3.6, Acceptable Waste shall be delivered by or on behalf of the Jurisdictions, at their expense, to the Facility in accordance with this Agreement and Exhibit C hereto, and shall comply with the Company’s reasonable identification procedures pursuant to Section 3.4 and Applicable Law.

Section 2.2 Minimum Monthly and Annual Tonnage Amounts; Adjustments.

(a) Initial Minimum and Excess Annual Tonnage Threshold and Minimum Monthly Tonnage and Excess Monthly Tonnage. The initial Minimum Annual Tonnage shall be 50,000 Tons per Contract Year and the initial Excess Annual Tonnage Threshold shall be 70,000 Tons per Contract Year as shown in Schedule 1. The initial Minimum Monthly Tonnage and Excess Monthly Tonnage for the Jurisdictions are shown on Schedule 1. The Jurisdictions may, from time to time in their sole discretion, amend the Minimum Annual Tonnage, the Excess Annual Tonnage Threshold, the Excess Monthly Tonnage, and the Minimum Monthly Tonnage in accordance with Section 2.2(b).

(b) Adjustment to Tonnage Amounts. Prior to the Effective Date and during each Contract Year thereafter during the Initial Term and, if applicable, the Renewal Term, the
Jurisdictions shall have the right, in their sole discretion, to amend Schedule 1 to increase or decrease the Minimum Annual Tonnage or the Excess Annual Tonnage Threshold, or both, by no more than 5,000 Tons each Contract Year by delivering written notice to the Company at least ninety (90) days prior to the Effective Date or the first day of the pertinent Contract Year, as applicable, in which the adjustment is to be effective. If there is an amendment in either the Minimum Annual Tonnage or the Excess Annual Tonnage Threshold, or both, the difference between such amounts shall always be 20,000 Tons. If there is an increase or decrease in the Minimum Annual Tonnage or the Excess Annual Tonnage Threshold, the Minimum Monthly Tonnage amount and Excess Monthly Tonnage shall be adjusted proportionally based on the percentage increase or decrease, as the case may be, in the Minimum Annual Tonnage or Excess Annual Tonnage Threshold, and the aggregate of (x) the twelve (12) Minimum Monthly Tonnages for the Contract Year shall equal the Minimum Annual Tonnage for the pertinent Contract Year and (y) the twelve (12) Excess Monthly Tonnage amounts for the Contract Year shall equal the Excess Annual Tonnage Threshold for the pertinent Contract Year.

(c) Excess Annual Tonnage Threshold during Extended Term. If the Extension Option is exercised in accordance with Section 2.3(c), then the Excess Annual Tonnage Threshold beginning on October 1, 2025 and for each Contract Year thereafter until June 30, 2030 (as prorated for the partial Contract Year beginning on October 1, 2025 and ending on June 30, 2026), shall be the average of the aggregate Tons of Acceptable Waste delivered or caused to be delivered to the Facility and all Alternate Facility(ies) by or on behalf of the Jurisdictions plus all Diverted Waste during the immediately preceding two (2) full Contract Years; provided, however, in no event shall the Excess Annual Tonnage Threshold be less than 65,000 Tons nor greater than 80,000 Tons in any Contract Year during the Extended Term. The calculation of the Excess Annual Tonnage Threshold in the first sentence of this Section 2.2(c) shall be recalculated and adjusted on July 1, 2030 and July 1, 2035, to be effective for each Contract Year from July 1, 2030 until July 1, 2035, and from July 1, 2035 until expiration of the Extended Term, respectively, based on the average of the aggregate Tons of Acceptable Waste delivered or caused to be delivered to the Facility and all Alternate Facility(ies) by or on behalf of the Jurisdictions plus all Diverted Waste during the immediately preceding two (2) Contract Years prior to each of July 1, 2030 and July 1, 2035, respectively; provided, however, in no event shall the Excess Annual Tonnage Threshold be less than 65,000 Tons nor greater than 80,000 Tons in any Contract Year during the Extended Term.

Section 2.3 Term.

(a) Initial Term. This Agreement shall begin on the Effective Date and, unless sooner terminated in accordance with the terms of this Agreement, shall expire on June 30, 2019 (the “Initial Term”).

(b) Renewal Term. Unless any Party delivers written notice to the other Parties after June 30, 2018 but before December 31, 2018 that it does not want the Term to be extended, this Agreement shall automatically extend for an additional period beginning July 1, 2019 and expiring on September 30, 2025 (the “Renewal Term”); provided, however, no Party shall have the option to elect out of the Renewal Term pursuant to this Section 2.3(b) if the
Jurisdictions exercise their Extension Option before a Party has opted out of the Renewal Term during the Initial Term in accordance with Section 2.3(c).

(c) **Extended Term.** Notwithstanding any other provision of this Agreement, at any time prior to December 31, 2024, the Jurisdictions may, in their sole discretion, jointly elect to extend this Agreement to December 31, 2038 by delivering written notice to the Company (the “Extension Option”). If the Jurisdictions exercise the Extension Option during the Initial Term, this Agreement shall automatically be extended for the Renewal Term and, unless otherwise terminated in accordance with this Agreement, continue in effect beginning on October 1, 2025 and continuing until December 31, 2038 (the “Extended Term”) on the terms and conditions for such periods as provided for herein.

Section 2.4 **Residue Disposal; Lorton Landfill.** The Company shall be solely responsible for (a) all costs and expenses of the hauling, loading, transporting and disposal of Residue, regardless of place of disposal, and (b) the sale or other disposition of materials recovered from Residue. To the extent the Jurisdictions are entitled to permit the Company’s disposal of Residue at the Lorton Landfill, beginning on the Effective Date and continuing until the earlier of (i) the expiration or earlier termination of this Agreement, or (ii) the expiration or earlier termination of the Lorton Agreement, the Company shall be permitted to dispose Residue at the Lorton Landfill pursuant to the terms of the Lorton Agreement, and the Jurisdictions shall take any actions reasonably requested by the Company to allow the Company to dispose of Residue at the Lorton Landfill. Notwithstanding the foregoing sentence, the Jurisdictions are under no obligation to pay any money, incur any obligation, commence any legal proceeding, vote in any manner, or offer or grant any accommodation (financial or otherwise) in connection with such assurances to take such actions reasonably requested by the Company to dispose of Residue at the Lorton Landfill. The Company hereby assumes all liabilities of the Jurisdictions under the Lorton Agreement relating to the fees for disposal of Residue at the Lorton Landfill and shall pay all disposal fees in such amounts and at such time or times in accordance with the Lorton Agreement and any amounts which the Company is obligated to pay because the Company has breached Applicable Law. The Company shall comply with all terms and provisions of the Lorton Agreement, including but not limited to, all rules and regulations announced by the manager or operator of the Lorton Landfill. The Company shall not be obligated to deliver Residue to the Lorton Landfill and may elect to deliver Residue to any properly permitted landfill or arrange for beneficial re-use of such Residue in full compliance with all Applicable Law. The unavailability or closure of the Lorton Landfill for disposal of Residue from the Facility shall not, in any way, constitute an Event of Default or Event of Force Majeure under this Agreement.
ARTICLE 3 Delivery and Processing of Acceptable Waste; Rejection Rights; Residue Disposal; Weighing and Related Matters; Emergency and Other Deliveries.

Section 3.1 Acceptance of Solid Waste by the Company at the Facility; Receiving Time.

(a) Throughout the Term, the Company shall accept and Process Acceptable Waste at the Facility delivered by or on behalf of the Jurisdictions in accordance with the terms of this Agreement.

(b) The Company shall keep the Facility open for receiving Acceptable Waste delivered by or on behalf of the Jurisdictions during the Receiving Time.

(c) Due to a natural disaster or other emergency condition, any Jurisdiction may request the Company to accept and dispose of more Acceptable Waste than the Company is obligated to accept under Section 3.2(a) at hours other than the Receiving Time. The Company shall use reasonable efforts to accommodate such requests; however, the Company’s determination of its ability to do so shall be final. Additional charges for deliveries under this Section 3.1(c) outside of the Receiving Time shall be set forth in a schedule prepared by the Company and delivered to the Jurisdictions in accordance with this Section 3.1(c). These charges shall be paid by the Jurisdiction that requests the additional hours. At least thirty (30) days prior to the Effective Date, the Company shall give the Jurisdictions a schedule of charges for deliveries of Acceptable Waste outside of the Receiving Time pursuant to this Section 3.1(c). On or before September 30 of each Contract Year, the Company shall provide each Jurisdiction with the proposed schedule of charges for such deliveries for the following Contract Year; the Company may revise the proposed schedule of charges until the March 1 preceding the Contract Year for which the charges are effective. The charges shall be equal to 110% of the Company’s estimate of its reasonable Direct Costs (excluding Markup) for labor, maintenance and other operating costs attributable to out-of-hours deliveries. The Company shall furnish the Jurisdictions on request information justifying such charges. Any amounts payable by the Jurisdictions for deliveries outside of the Receiving Time may be included in the monthly invoice delivered to the Jurisdictions under Section 6.1 or separately invoiced to the Jurisdiction(s) requesting such additional hours from time to time, as the Company may elect. If the Company elects to send a separate invoice to the Jurisdiction requesting such additional hours, then such invoice shall be payable to the Company no earlier than sixty (60) days following receipt by such Jurisdiction.

Section 3.2 Rejection of Deliveries; Diverted Waste.

(a) Except as expressly provided in this Agreement, the Company may reject tenders delivered by or on behalf of the Jurisdictions of the following:

(i) Acceptable Waste which the Facility is prevented from accepting that is directly the result of (A) an Event of Force Majeure, or (B) Jurisdiction Fault;
(ii) Acceptable Waste that is not delivered in accordance with Sections 3.3 and 3.4 of this Agreement;

(iii) subject to Section 3.1(c), Acceptable Waste that is delivered other than during Receiving Time; or

(iv) Acceptable Waste in excess of 150% of the applicable Excess Monthly Tonnage set forth on Schedule 1 (which may be amended by the Jurisdictions under Section 2.2(b)), which the Company is unable, using its best efforts, to accept and Process at the Facility.

(b) If the Company is unable to receive tenders of Acceptable Waste at the Facility as a result of Sections 3.2(a), the Company shall immediately notify the Public Works Officials by telephone, and notify the Jurisdictions promptly in writing. Acceptable Waste tendered by the Jurisdictions that the Company does not accept, except as provided for in Sections 3.2(a)(i), (ii) or (iii), shall constitute Diverted Waste for all purposes of this Agreement. If, in any Billing Month, the Company refuses or is unable to accept Acceptable Waste delivered by or on behalf of the Jurisdictions in accordance with this Agreement for any reason whatsoever other than Jurisdiction Fault, the number of Tons which the Company refuses or is unable to accept shall be credited to the Minimum Annual Tonnage for such Contract Year. In no event, including, but not limited to, during an Event of Force Majeure or Forced Outage, shall the Company have the right to reject deliveries of Acceptable Waste by or on behalf of the Jurisdictions in favor of Acceptable Waste delivered by any other Person (other than the Jurisdictions).

Section 3.3 Delivery Procedures. The delivery of Solid Waste to the Facility shall be regulated by the hauler rules and regulations set forth on Exhibit C-1 hereto and which are applicable to all customers utilizing the Facility (the “Hauler Rules and Regulations”). Subject to the Jurisdictions’ prior written approval, which shall not be unreasonably withheld, the Company may amend the Hauler Rules and Regulations from time to time by delivering written notice to the Jurisdictions not less than sixty (60) days prior to the effectiveness of such amendment; provided, however, any amendment to the Hauler Rules and Regulations which is not applicable to all customers utilizing the Facility shall not be applicable to or enforceable against the Jurisdictions or its designated haulers. The Hauler Rules and Regulations shall have reasonable terms and conditions consistent with the then-current operation of the Facility as of the Execution Date. The Parties agree that in the event of a conflict between the terms of this Agreement and the Hauler Rules and Regulations, this Agreement controls.

Section 3.4 Vehicle Identification. The current vehicle identification procedures for vehicles delivering Solid Waste to the Facility are set forth on Exhibit C-2 hereto. Subject to the Jurisdictions’ prior written approval, which shall not be unreasonably withheld, the Company may provide for a reasonable system for the identification of delivery vehicles delivering Solid Waste by or on behalf of the Jurisdictions to the Facility. The Company shall be under no obligation to accept Acceptable Waste from Persons or vehicles not complying with such reasonable identification system or reasonable delivery procedures established by the Company and as approved by the Jurisdictions. No rules, regulations or identification procedures shall be
applicable to or enforceable against the Jurisdictions or their designated haulers unless approved in writing by the Jurisdictions, which approval shall not be unreasonably withheld, and the Company shall not deny or otherwise impede the delivery of Acceptable Waste by or on behalf of the Jurisdictions to the Facility for Processing.

Section 3.5 Weighing; Company Delivery of Data and Information.

(a) **Weighing.** The Company shall operate and maintain, at its sole cost and expense, the scale house and scales at the Facility for the purpose of facilitating the determination of the total Tons of Acceptable Waste delivered to the Facility by or on behalf of each Jurisdiction and each other party delivering Acceptable Waste for Processing by the Company (whether or not the Company accepts the waste so delivered), and the Tons of Diverted Waste, Residue and Unacceptable Waste (by individual type and category) which leave the Facility. The weight record shall contain gross weight, tare weight, date and time and vehicle identification in accordance with Section 3.4. The Company shall give each vehicle operator delivering Solid Waste by or on behalf of the City or the County, or both, written confirmation in the form of a scale receipt of such information at the time the vehicle is weighed. The Company or any Jurisdiction, or both, may require from time to time the revalidation of the tare weight of any Jurisdiction or hauler vehicle or the reweighing of such unloaded vehicles or container.

(b) **Company Delivery of Data and Information.** The Company shall provide the Jurisdictions relative to the scale house and scales the following data and information no later than the tenth (10th) Day of each Billing Month: (i) the total quantity of Acceptable Waste (in Tons) delivered to the Facility by or on behalf of the City during the preceding Billing Month; (ii) the total quantity of Acceptable Waste delivered to the Facility by or on behalf of the County during the preceding Billing Month; (iii) the total quantity of Acceptable Waste (in Tons) disposed by residents of the City at the Facility during the preceding Billing Month in accordance with Section 3.6; (iv) the total quantity of all Residue delivered by or on behalf of the Company to the Lorton Landfill during the preceding Billing Month (both scale records from the Lorton Landfill and from the Facility); (v) the total quantity of Diverted Waste (by individual Jurisdiction) rejected during the Billing Month which was weighed at the Facility; (vi) the total quantity of Unacceptable Waste (by individual type and category) delivered by or on behalf of the City stored or disposed of by the Company during the preceding Billing Month; and (vii) the total quantity of Unacceptable Waste (by individual type and category) delivered by or on behalf of the County stored or disposed of by the Company during the preceding Billing Month.

Section 3.6 Resident Receiving Area. The Facility shall have a resident refuse disposal area located on the Facility Site consisting of one or more roll-off containers for delivery of residential Acceptable Waste by individuals who are residents of the City (other than a commercial hauler acting in his or her capacity as a commercial hauler). The Company may refuse to accept (i) Unacceptable Waste at the resident disposal area delivered by any City resident, and (ii) Acceptable Waste in amounts exceeding 500 pounds per week per City resident. All Acceptable Waste accepted at the residents’ disposal area shall be for the credit for the Minimum Annual Tonnage and the tonnage shall be included in the calculation of the Monthly Disposal Fee for each Billing Month in Section 4.3(a), and the City shall pay the Monthly Disposal Fee therefor. The Company shall not charge a resident any cost or fee for disposal or
Processing of waste delivered to the resident receiving area. No minimum vehicle size or capacity restrictions will be applicable to the residents’ disposal area. The Company has adopted reasonable rules and regulations to govern the City residents’ receiving area, including the hours during which this area shall be open, which are attached as Exhibit C-3 hereto (the “Resident Area Rules and Regulations”). Subject to the City’s prior written approval, which shall not be unreasonably withheld, the Company may amend the Resident Area Rules and Regulations from time to time. The City shall cooperate with the Company in establishing and implementing such reasonable rules and regulations as the Company shall propose. The Company shall request and review the driver’s license or other reasonable identification to verify that each resident delivering waste to the resident receiving area is a resident of the City.

ARTICLE 4 Acceptance Fee and Other Fees and Rebates.

Section 4.1 General. Subject to the limitations contained in this Agreement, commencing with the first Billing Month and for each Billing Month thereafter, the Company shall be paid an Acceptance Fee by the Jurisdictions in accordance with Section 4.2.

Section 4.2 Acceptance Fee Formula. The monthly payment (the “Acceptance Fee”) shall be calculated for the Jurisdictions as follows:

\[
AF = MDF - RDC +/- CLC + MSF
\]

Where:

- **AF** = Acceptance Fee
- **MDF** = Monthly Disposal Fee (Section 4.3)
- **RDC** = Residue Disposal Credit (Section 4.4)
- **CLC** = Change in Law Charge (Section 4.5(c)) minus Change in Law Credit (Section 4.5(d))
- **MSF** = Monthly Shortfall Fee (Section 4.6(a))

Section 4.3 Monthly Disposal Fee.

(a) Except as provided in Section 4.3(b), the monthly disposal fee for a Billing Month (the “Monthly Disposal Fee”) shall be an amount equal to the product of (i) the sum of the number of Tons of Acceptable Waste delivered by or on behalf of the Jurisdictions (A) to the Facility and accepted and Processed by the Company; (B) in the case of a Forced Outage, to and disposed at the Alternate Facility(ies) in accordance with Section 10.1Ca); and (C) in the case of an Event of Force Majeure, to and accepted (whether or not Processed) at the Facility and disposed of by or on behalf of the Company at an alternative disposal facility during such Billing Month; multiplied by (ii) the Base Tipping Fee.

(b) If the Jurisdictions exercise the Extension Option in accordance with Section 2.3(c), then the Base Tipping Fee for each Ton of Acceptable Waste (i) delivered by or
on behalf of the Jurisdictions in the Billing Month following the Billing Month in which the date of the notice of Extension Option was delivered to the Company and continuing through the last Billing Month of the Renewal Term, shall be equal to the Base Tipping Fee in effect for the Contract Year in which the Extension Option notice is delivered, without further escalation or adjustment through September 30, 2025, and (ii) commencing on October 1, 2025 and continuing each Billing Month through expiration of the Extended Term, shall be zero dollars ($0) per Ton, without further escalation or adjustment.

Section 4.4 Lorton Landfill Residue Disposal Credit/Rebate.

(a) If, during any Billing Month during the Initial Term and, if applicable, the Renewal Term, the Company disposes of any amount of Residue from the Facility at the Lorton Landfill, then the Company shall, as a credit offset to the Acceptance Fee payable by the Jurisdictions (the "Residue Disposal Credit") equal to the product of (i) the number of Tons of Residue disposed at the Lorton Landfill for the Billing Month (based on scale records from the Lorton Landfill), multiplied by (ii) the positive difference, if any, between (A) 50% of the Base Tipping Fee then in effect; and (B) the per Ton gate fee charged the Company at the Lorton Landfill for disposal of Residue generated at the Facility; provided, that in no event shall the per Ton credit or rebate exceed (x) $5.50 per Ton of Residue (unescalated) during the Initial Term, and (y) $9.50 per Ton of Residue (unescalated) during the Renewal Term. For avoidance of doubt, the Residue Disposal Credit shall never be a negative number.

(b) If, during any Billing Month during the Initial Term and, if applicable, the Renewal Term, the Residue Disposal Credit is greater than the Acceptance Fee for the particular Billing Month, then the Company shall pay the Jurisdictions the amount (the "Residue Disposal Rebate") by which (i) the Residue Disposal Credit exceeds (ii) the Acceptance Fee, within sixty (60) days following the end of the Billing Month to an account designated in writing by the Jurisdictions.

(c) If, during any Billing Month, the Company does not dispose of any amount of Residue from the Facility at the Lorton Landfill, the Jurisdictions shall not receive any Residue Disposal Credit and the Company shall not have any obligation to pay any rebate for disposal of Residue at the Lorton Landfill to the Jurisdictions for such Billing Month in accordance with Section 4.4(a) or (b).

Section 4.5 Change in Law Charge/Credit. The following shall be an adjustment to the Acceptance Fee during the Initial Term and, if applicable, the Renewal Term (but in no event during the Extended Term), calculated as follows:

(a) Increased Change in Law Costs (Other than Residue Change in Law Costs). If, during the Initial Term and, if applicable, the Renewal Term (but in no event during the Extended Term), an Event of Force Majeure that has occurred is a Change in Law, and such Change in Law directly results in (x) an increase in the Company’s Direct Costs of operating and maintaining the Facility (including, if so impacted, the transport of Residue, which is calculated in Section 4.5(a)(i), and the disposal of Residue resulting from a Residue Change in Law, which is calculated in Section 4.5(b)), or (y) increased capital costs to the Company for repair,
replacement or addition to the Facility, by more than Five Thousand Dollars ($5,000), as adjusted by the Adjustment Factor each Contract Year, then the per Ton cost for such Change in Law (each, a “Unit Change in Law Cost”), shall be the sum of:

(i) The quotient resulting from dividing (A) the total increased Direct Costs, subject to Cost Substantiation, of the Company in operating and maintaining the Facility directly resulting from the Change in Law (including the transport of Residue, but excluding the disposal of Residue, which shall be calculated pursuant to Section 4.5(b) and not this Section 4.5(a)(i)), as determined on a Contract Year basis, through the end of the earlier to occur of (x) the repeal or change in the monetary impact of such Change in Law or (y) the end of the Term, by (B) the Annual Facility Capacity for such Contract Year (or pro rata portion of the Annual Facility Capacity for any partial Contract Year); and

(ii) The quotient resulting from dividing (A) the Annual Capital Cost for such Contract Year (or pro rata portion for any partial Contract Year), by (B) the Annual Facility Capacity (or pro rata portion for any partial Contract Year); and

(iii) With respect to a Residue Change in Law (as defined in Section 4.5(b)), the Residue Unit Change in Law Cost, if any, calculated pursuant to Section 4.5(b).

(b) Increased Residue Change in Law Costs. If, during the Initial Term and, if applicable, the Renewal Term (but in no event during the Extended Term), an Event of Force Majeure that has occurred is a Change in Law in federal or Virginia law affecting all Landfills in Virginia (“Residue Change in Law”), and such Residue Change in Law directly results in an increase in the Company’s Direct Costs of disposing of Residue from the Facility, then the aggregate cost for such Residue Change in Law (the “Aggregate Residue Change in Law Cost”), shall be the amount by which the (i) the total increased Direct Costs, subject to Cost Substantiation, of the Company in disposing of Residue from the Facility, as determined on a Contract Year basis, through the end of the earlier to occur of (x) the repeal or change in the monetary impact of such Residue Change in Law or (y) the end of the Term, exceeds (ii) the greater of (A) the Residue Disposal Credit, (B) the Residue Disposal Rebate, or (C) the Potential Residue Disposal Credit. If the Aggregate Residue Change in Law Cost is greater than zero ($0), then the per Ton cost for such Residue Change in Law (each, a “Residue Unit Change in Law Cost”), shall be the quotient resulting from dividing (A) the Aggregate Residue Change in Law Cost, by (B) the Annual Facility Capacity (or pro rata portion of the Annual Facility Capacity for any partial Contract Year). If the Aggregate Residue Change in Law Cost is zero ($0) or a negative amount, there shall be no Change in Law adjustment under Section 4.5(a).

(c) Change in Law Charge. Subject to Sections 4.5 and 10.6(a), the Jurisdictions shall pay to the Company in each Billing Month, as part of the Acceptance Fee, an amount (the “Change in Law Charge”) that is equal to the product of (i) the sum of the Unit Change in Law Cost(s) for the pertinent Billing Month, multiplied by (ii) the number of Tons of Acceptable Waste delivered by or on behalf of the Jurisdictions and accepted at the Facility or at an Alternate Facility in such Billing Month.
(d) **Change in Law Credit.** Notwithstanding anything herein to the contrary, if the Event of Force Majeure that has occurred is a Change in Law, and such Change in Law results in a decrease in the Company’s Direct Costs with respect to the Work relative to the Facility, then the Company shall pay the Jurisdictions (a “Change in Law Credit”) as a credit to the Acceptance Fee an amount equal to the product of (1) the quotient resulting by dividing (A) the total decreased Direct Costs of the Company (without including Markup) relative to the Facility through the earlier to occur of (i) the repeal or change in the monetary impact of such Change in Law or (ii) the end of the Term, by (B) the Annual Facility Capacity, multiplied by (2) the number of Tons of Acceptable Waste for such period delivered or attempted to be delivered by or on behalf of the Jurisdictions to the Facility. The Company shall fully cooperate with each Jurisdiction to fulfill the intent of this Section 4.5(d) and shall promptly deliver or make available at the Facility (for review) to the Jurisdictions and its representatives all such information and documents reasonably requested by them to ensure compliance with this Section 4.5(d).

(e) Except as provided in Section 4.10, in no event shall the Jurisdictions have any liability for the Company’s increased costs relative to the Work as a consequence of the impact of a Change in Law after the end of the Term or upon termination of this Agreement. With respect to the cost of capital to purchase, fabricate and install any capital alteration or capital project implemented or to be implemented pursuant to this Section 4.5, the Company, with the reasonable cooperation of the Jurisdictions, shall exercise all reasonable efforts to maximize the reduction of such operation, maintenance or capital costs of the capital alteration or capital project to the Facility. Notwithstanding any provision to the contrary, in no event shall the Jurisdictions be liable for the Company’s decreased revenues resulting from or arising out of or relating in any way to an Event of Force Majeure.

(f) **Cure of Impact Due to a Change in Law.** If a Change in Law occurs or is reasonably expected to occur that would result in an adjustment to the Acceptance Fee to the Jurisdictions, the Company shall deliver written notice to each Jurisdiction of such adjustment (a “Company Change in Law Notice”). The Company Change in Law Notice shall include a statement signed by the Company accompanied by full and complete documentation presented for review by each Jurisdiction, including the following items: (A) discussion of pre-existing conditions and costs directly impacted by the noticed Change in Law; (B) the alleged changed conditions and costs the Company asserts will result or is resulting from the noticed Change in Law; (C) fully documented Cost Substantiation and cost analyses and detailed cost records relative from the impact of the Change in Law or, if such Change in Law has yet to occur, estimated cost analyses and bids, if obtained by the Company, relative to the costs reasonably expected to occur upon or following the occurrence of the anticipated Change in Law; (D) the Unit Change in Law Cost associated with the Cure of the Change in Law in accordance with Sections 4.5(a), (b), (c) or (d) to the extent known or estimated at the time plus the aggregate Unit Change in Law Costs for all prior Change(s) in Law, if any; (E) with respect to a Change in Law requiring a capital alteration or the addition of a capital project to the Facility, the useful life (asset depreciable range period) of the capital improvements and a calculation of the amortization of the Cure costs of the Change in Law in accordance with Section 4.5(a)(ii) or (c); and (F) such other information as may be reasonably requested relative to the impact of the Change in Law by any Jurisdiction for evaluation of the adjustment. The Company shall make available to each Jurisdiction and their respective advisors and accountants (subject to the
execution of the Confidentiality Agreement by such advisors or accountants) all records and work product used in preparing the Company Change in Law Notice. In the event the Jurisdictions dispute any aspect of the Change in Law Notice, the Jurisdictions shall have the right, within ninety (90) days after its receipt of the Change in Law Notice, to deliver written notice (an “Objection Notice”) to the Company setting forth in reasonable detail the Jurisdictions’ basis for such dispute and its determination of such adjustment, if any, including its calculation thereof and the basis for such calculations. If the Jurisdictions do not deliver an Objection Notice to the Company within ninety (90) days after the Jurisdictions’ receipt of the Company Change in Law Notice, then the Parties hereto will be deemed to have agreed to the adjustment set forth in the Company Change in Law Notice and such adjustment shall be paid by the Jurisdictions in accordance with Sections 4.5(a) and (b). In the event the Jurisdictions deliver an Objection Notice to the Company within the 90-day objection period, the Company and the Jurisdictions each shall use their diligent good faith efforts to resolve such dispute within thirty (30) days after delivery of the Objection Notice.

(g) Any resolution of the monetary impact of the Change in Law on the Company’s Work shall, relative to increased costs, be based on the Company’s Direct Costs, subject to Cost Substantiation, but exclusive of any other markup, profit or overhead, from and after the date of the Company’s written notice to each Jurisdiction that a Change in Law has occurred. Nothing in this Section 4.5 shall restrict the Company from commencing or performing any Cure Work; provided, however, the Company shall be responsible for all costs and fees associated with all Cure Work and the Jurisdictions’ pro rata portion of such Cure Work, if obligated under this Section 4.5, shall not be designated as an adjustment to the Acceptance Fee until such time as the matter is resolved pursuant to this Section 4.5.

Section 4.6 Shortfall Fee; Rebate.

(a) Monthly Shortfall Payment. If, in any Billing Month of a Contract Year during the Initial Term and the Renewal Term, if applicable (but in no event during the Extended Term), the Jurisdictions together do not deliver, or caused to be delivered, Acceptable Waste in an aggregate amount of at least eighty percent (80%) of the Minimum Monthly Tonnage set forth in Schedule 1 in effect for such Billing Month, then the Jurisdictions shall pay the Company a shortfall fee (the “Monthly Shortfall Fee”) equal to the greater of (A) zero (0); and (B) the product of (i) the difference between (A) the Minimum Monthly Tonnage in effect for such Billing Month, and (B) for such Billing Month the sum of (1) the Tons of Acceptable Waste delivered by or on behalf of the Jurisdictions to the Facility and accepted by the Company; (2) the Tons of Acceptable Waste delivered by or on behalf of the Jurisdictions to any Alternate Facility(ies); (3) the Tons which are not delivered to or accepted at the Facility or an Alternate Facility and which are described in Section 10.1; and (4) the Tons of Diverted Waste in accordance with Sections 3.2(b) and 9.1 (such amount, the “Monthly Shortfall Tonnage”); multiplied by (ii) the sum of (x) the Base Tipping Fee and (y) the Unit Change in Law Cost, each in effect for such pertinent Billing Month.

(b) Calculation of Annual Shortfall Tonnage and Annual Shortfall Payment.
(i) For any Contract Year, the annual amount of shortfall tonnage (the “Annual Shortfall Tonnage”), shall be equal to the positive difference, if any, between (A) the Minimum Annual Tonnage in effect for such pertinent Contract Year and (B) the sum of (1) the Tons of Acceptable Waste delivered or caused to be delivered by or on behalf of the Jurisdictions to the Facility; (2) the Tons of Acceptable Waste delivered or caused to be delivered by or on behalf of the Jurisdictions to any Alternate Facility(ies); (3) the Tons which are not delivered to or accepted at the Facility or an Alternate Facility and which are described in Section 10.1; and (4) the Tons of Diverted Waste in accordance with Sections 3.2(b) and 9.1 for such pertinent Contract Year. For clarity, the Annual Shortfall Tonnage shall always be greater than or equal to zero. Payment of the Annual Shortfall Calculation (as paid through payment of the Monthly Shortfall Fee during the Contract Year, and as reconciled following the end of the Contract Year) by the Jurisdictions to the Company shall be the Company’s sole remedy for failure of the Jurisdictions to deliver, or caused to be delivered, the Minimum Annual Tonnage for such Contract Year.

(ii) For any Contract Year, the annual shortfall amount (the “Annual Shortfall Calculation”), if any, shall equal the product of (A) the Annual Shortfall Tonnage, multiplied by (B) the sum of the Base Tipping Fee and the Weighted Average Unit Change in Law Cost calculated for such pertinent Contract Year.

(c) Annual Reconciliation; Payment of Annual Shortfall Rebate or Annual Shortfall Fee.

(i) If, in any Contract Year, the sum of the Monthly Shortfall Fees is greater than the Annual Shortfall Calculation, then the Company shall refund and pay to the Jurisdictions an amount (the “Annual Shortfall Rebate”) equal to the difference between the sum of the Monthly Shortfall Fees and the Annual Shortfall Calculation.

(ii) If, in any Contract Year, the sum of the Monthly Shortfall Fees is less than or equal to the Annual Shortfall Calculation, then the Jurisdictions shall pay the Company an amount (the “Annual Shortfall Fee”) equal to the difference between the Annual Shortfall Calculation and the sum of the Monthly Shortfall Fees.

(iii) The Company shall make payment of the Annual Shortfall Rebate to the Jurisdictions, or the Jurisdictions shall make payment of the Annual Shortfall Fee to the Company, as applicable, within sixty (60) days following the end of the Contract Year.

(iv) The calculations pursuant to Sections 4.6(b) and (c) shall be calculated in a manner consistent with the examples set forth on Schedule 8.
Section 4.7  Excess Tonnage Fee. If, in any Contract Year, the Jurisdictions deliver or caused to be delivered, in the aggregate, Tons of Acceptable Waste that are accepted at the Facility or accepted at the Alternate Facility(ies) in excess of the Excess Annual Tonnage Threshold set forth in Schedule 1 in effect for such Contract Year, then the Jurisdictions shall pay the Company an excess tonnage fee (the "Excess Tonnage Fee") equal to the product of (a) the difference between (i) the actual aggregate Tons of Acceptable Waste delivered by or on behalf of the Jurisdictions that are accepted by the Company at the Facility or accepted at the Alternate Facility(ies), and (ii) the Excess Annual Tonnage Threshold in effect for such Contract Year; multiplied by (b) the Excess Tonnage Tip Fee in effect for such Contract Year. The Excess Tonnage Fee shall be paid by the Jurisdictions within sixty (60) days following the Jurisdictions' receipt of an invoice from the Company certifying the aggregate number of Tons of Acceptable Waste delivered by or on behalf of the Jurisdictions during the Contract Year and properly calculating such Excess Tonnage Fee.

Section 4.8  Discriminatory Tax. If the Company actually incurs and pays a Discriminatory Tax to the Jurisdictions, then the Jurisdictions shall reimburse, within sixty (60) days of receipt of an invoice from the Company therefor and attaching sufficient documentation (e.g., check stub, wire receipt, etc.) reflecting payment to the City or the County, or both, for the amount of the Discriminatory Tax actually paid by the Company to the Jurisdictions. For purposes of this Section 4.8, the term "Discriminatory Tax" shall mean a tax or fee imposed on the Company by the Jurisdictions solely because of the Company's ownership or operation, or both, of an energy-from-waste, or waste disposal or waste Processing facility, or its generation or hauling of Residue.

Section 4.9  Most Favored Nation.

(a)  During the Initial Term and, if applicable, the Renewal Term, but in no event during the Extended Term, if (i) the Company or any of its Affiliates enters into one or more agreement(s) (whether oral or written) for disposal of Solid Waste at the Facility with any governmental agency or unit (other than the Jurisdictions); (ii) such agreement(s) has a term greater than twelve (12) months (consecutive or non-consecutive) (including any options or extensions), calculated for the Term in effect (a "MFN Agreement"); and (iii) such MFN Agreement provides for an all-in tipping fee (the “MFN Tipping Fee”), is lower than the Base Tipping Fee for the same period hereunder (after including for the Residue Disposal Credit and Change in Law Charge, if any, calculated on a per Ton basis) (the “Jurisdiction Tipping Fee”), then the Company shall, in each Contract Year, refund to the Jurisdictions an amount (the "MFN Refund") equal to the product of:

(A)  the difference between (x) the Jurisdiction Tipping Fee during Contract Year in which such MFN Tipping Fee is in effect and (y) the MFN Tipping Fee during such Contract Year; multiplied by

(B)  the lesser of (x) the aggregate number of MFN Tons delivered pursuant to the MFN Agreement during the Contract Year and (y) the aggregate number of Tons delivered by or on behalf of the Jurisdictions or attempted to be
delivered but which were wrongfully rejected by the Company during such Contract Year.

(b) The term “MFN Tons” for purposes of this Section 4.9 shall mean the aggregate Tons delivered under an MFN Agreement to the Facility on the date after which the term of the agreement(s) with the Company exceed three hundred sixty five (365) days; provided, however, no rebate or credit shall be due with respect to Tons delivered prior to that date. In the event there are more than one governmental agency or unit with a MFN Tipping Fee lower than the Jurisdiction Tipping Fee for the same period hereunder in any Contract Year, then the calculations pursuant to Section 4.9(a) shall be based initially on the governmental agency or unit with the lowest MFN Tipping Fee and, once such tonnage for such governmental agency or unit is exhausted for the calculations hereunder, increase to the next lowest (penultimate) MFN Tipping Fee for such other government agency(ies) or unit(s), et seq., until the maximum of the aggregate number of Tons delivered or attempted to be delivered by or on behalf of the Jurisdictions is met. The calculations pursuant to Section 4.9(a) shall be calculated in a manner consistent with the examples set forth on Schedule 8.

(c) The Company shall pay the MFN Refund, if any, to the Jurisdictions within sixty (60) days following the last day of each Contract Year. This Section 4.9 shall not be applicable for any contract or agreement providing for delivery of Solid Waste to a facility other than the Facility; provided, however, to the extent any such Tons of Solid Waste are accepted at the Facility, such Tons shall be counted for all purposes of this Section 4.9 and the Jurisdictions shall receive a MFN Refund with respect to any such Tons delivered to the Facility. This Section 4.9 shall not apply to any oral or written agreement with a third party commercial or residential hauler which contracts directly with the Company or any of its Affiliates for disposal of Acceptable Waste at the Facility.

(d) In order to effectuate the purposes of this Section 4.9, the Company shall, no more than thirty (30) days following the end of each Contract Year, deliver to each Jurisdiction a statement signed by an officer of the Company setting forth in reasonable detail (i) the name, address, contact phone number(s) of all governmental agencies and units delivering Solid Waste to the Facility, (ii) the number of Tons of Solid Waste delivered to or attempted to be delivered to the Facility by such governmental agencies and units, by name and monthly tonnage amounts, and (iii) the MFN Tipping Fee for such governmental agencies and units. In the event there are no such agreements for the subject period, the statement shall so indicate.

Section 4.10 Unamortized Capital Cost resulting from Change(s) in Law During the Term.

(a) If, during the Initial Term or, if applicable, the Renewal Term (but in no event during the Extended Term), (i) one or more Change(s) in Law occur; (ii) such Change(s) in Law directly result in an increased capital cost to the Company for repair, replacement or addition to the Facility (the “Capital Project”); (iii) subject to the Jurisdictions’ rights under this Agreement, the Company undertakes and completes such Capital Project prior to expiration of the Site Lease Term; and (iv) the useful life of the Capital Project, on a straight-line depreciation basis (not accelerated) using the asset depreciable period for the applicable capital item as set forth in Section 168 of the
Internal Revenue Code exceeds the Site Lease Term, then within one hundred twenty (120) days following the expiration of the Site Lease Term or such longer period as is reasonably necessary for the Jurisdictions to finance or assume the debt incurred by the Company to finance the Capital Project, if any, the Jurisdictions shall, at their sole option, either (A) pay to the Company, by wire transfer to a bank account designated in writing by the Company to the Jurisdictions, an amount equal to the unamortized portion of such Capital Project(s) which exceeds the expiration of the Site Lease Term, as calculated on a straight-line depreciation basis (the “Unamortized Capital Cost”), or (B) assume the debt of such Capital Project(s) in an amount not to exceed the Unamortized Capital Cost if it can be assumed. The Company shall use all reasonable efforts to finance the Capital Project with debt financing that expressly permits debt assumption by the Jurisdictions upon expiration of the Site Lease Term, if the Jurisdictions so elect in accordance with this Section 4.10(a). The Company shall, at all times during the Site Lease Term, promptly pay all amounts due and owing under the debt financing or loan agreement(s) related to the financing of the Capital Project(s). Notwithstanding anything to the contrary herein or contained in any agreement among the Parties, the Jurisdictions shall incur no liability whatsoever, including but not limited to any Unamortized Capital Cost, for any Capital Project (irrespective of when such Capital Project occurs, whether during the Initial Term, Renewal Term, Extended Term or at any other time): (1) if the Jurisdictions exercise their Extension Option; (2) during the Extended Term; or (3) at any other time when this Agreement is not in effect.

(b) Upon the Jurisdictions’ payment of the Unamortized Capital Cost or assumption of the debt in accordance with Section 4.10(a) above, the Company shall immediately (meaning on the same day) execute and deliver a bill of sale, in a form acceptable to the Jurisdictions, and such other documents of transfer and assignment to the Jurisdictions as may be necessary to (i) transfer good and marketable title of the Capital Project(s) to the Jurisdictions, free and clear of any claim, lien, option, charge or encumbrance of any nature whatsoever (except for any liens relating to the Company’s debt financing, if any, which the Jurisdictions’, in their sole discretion, elect to assume in accordance with Section 4.10(a)), and (ii) consummate the foregoing.

Section 4.11 Jurisdiction Obligations. The obligations of the Jurisdictions under this Agreement are contingent upon the appropriation for each Contract Year by their respective governing bodies of funds from which payments under this Agreement can be made. The Jurisdictions shall not be liable for any amounts payable under this Agreement unless and until such funds have been appropriated for payments under this Agreement. The Parties acknowledge and agree that this Agreement shall not constitute a pledge of the full faith and credit of the City or the County in violation of Section 10 of Article X of the Constitution of Virginia or a bond or debt of the City or the County within the meaning of Section 10 of Article VII of the Constitution of Virginia.


Section 5.1 Unacceptable Waste.

(a) Delivery of Unacceptable Waste by the Jurisdictions. The Jurisdictions shall use commercially reasonable efforts, in good faith, to cause only Acceptable Waste to be delivered to the Facility by or on behalf of the Jurisdictions and to minimize quantities of
Unacceptable Waste delivered to the Facility. Nothing in this Agreement shall be construed to mean, and the Company understands and agrees that the Jurisdictions do not in any manner guarantee the composition of any Acceptable Waste delivered by or on behalf of the Jurisdictions, including the proportion of any material contained therein (such as Unacceptable Waste), the energy value contained therein, or any other physical or chemical property of Acceptable Waste delivered by or on behalf of the them. If a delivery of Solid Waste is composed of both Acceptable Waste and Unacceptable Waste, the Company shall separate and accept Acceptable Waste to the extent such separation can be achieved without unreasonable expense or the use of unreasonable effort. If Unacceptable Waste cannot be reasonably separated from Acceptable Waste without the use of unreasonable efforts or unreasonable expense of the Company, then the entire load shall constitute Unacceptable Waste.

(b) Disposal of Unacceptable Waste delivered by or on behalf of the Jurisdictions to the Facility. If a Jurisdiction delivers or causes to be delivered Unacceptable Waste to the Facility, the Company, at its sole option, may (i) reject acceptance of such Unacceptable Waste at the Facility and require the delivering Jurisdiction to reload and dispose of such Unacceptable Waste at the Jurisdiction’s sole cost and expense, or (ii) if the Company does not discover such Unacceptable Waste in time to reject and reload such waste at the Facility, the Company may, after delivering telephonic notice to the Public Works Officials, dispose of such Unacceptable Waste and charge the Jurisdiction all reasonable third-party disposal costs actually incurred by the Company (“Unacceptable Waste Costs”), unless the Jurisdiction otherwise elects to arrange and pay for disposal of such waste, in which case, the delivering Jurisdiction shall not be otherwise liable for any Unacceptable Waste Costs. If the Jurisdiction elects to dispose of such Unacceptable Waste, the Jurisdiction shall be required to do so (A) within twenty four (24) hours following telephonic notice of such delivery if such Unacceptable Waste is Hazardous Waste, or (B) within forty eight (48) hours following telephonic notice of such delivery if such Unacceptable Waste is not Hazardous Waste. If after electing to do so, the delivering Jurisdiction does not dispose of the Unacceptable Waste within the prescribed time period, the Company may dispose of such waste without further notice to the Jurisdiction and the Jurisdiction shall pay to the Company, following receipt of invoice and Cost Substantiation, the Unacceptable Waste Costs incurred by the Company to dispose of such waste. No prior notice shall be required of the Company to the Jurisdictions to dispose of Unacceptable Waste in emergency situations where a delay in such disposal would constitute a hazard to the Facility or any Person on, about or near the Facility Site; provided, however, that the Company shall provide prompt telephonic notice to the Public Works Officials and written notice to the Jurisdictions following such event. Unacceptable Waste directly attributable and delivered by or on behalf of the Jurisdictions shall not be counted towards the Minimum Annual Tonnage. The Company shall provide reasonable and verifiable evidence and documentation (e.g., video footage of City or County trucks depositing Unacceptable Waste on the Facility tipping floor or into the Facility pit) to the City or the County, or both, establishing that such Unacceptable Waste delivered by or on behalf of the City or the County, or both, then the City or the County, or both, as appropriate, shall be responsible for such Unacceptable Waste Costs relative to such Unacceptable Waste and such Unacceptable Waste Costs shall be reimbursed by the City or the County, or both, to the Company. The Company shall exercise all reasonable efforts to mitigate and otherwise minimize Unacceptable Waste Costs.
(c) **Indemnification.** To the extent permitted by Applicable Law without waiving sovereign immunity, if the Company elects to dispose of such Unacceptable Waste in accordance with Section 5.1(b) above, then the Jurisdiction that delivered such Unacceptable Waste shall indemnify and hold the Covanta Indemnified Parties harmless from and against all liabilities, losses, damages, costs, expenses and disbursements (including reasonable legal fees and expenses) arising out of the disposal of such Unacceptable Waste. All reasonable activities by the Company with respect to the removal and disposal of Hazardous Waste (but not Unacceptable Waste) delivered to or abandoned at the Facility by the Jurisdictions shall be as agent for the Jurisdictions.

**ARTICLE 6 Billing and Payments.**

Section 6.1 **Monthly Invoice.** The Company shall prepare and submit its written invoice to each of the City and the County with respect to the Acceptance Fee on or after the end of the Billing Month for which payment is requested. In preparing its invoice, the Company shall use and comply with the form and content of the Company's invoice attached hereto as Schedule 3 and as otherwise required by the terms of this Agreement. The Parties may, by mutual agreement, revise the form and content of the invoice form in Schedule 3. The Company shall attach all documentation and information necessary to justify payment by the Jurisdictions to the Company or credit from the Company to the Jurisdictions relative for the particular Billing Month.

Section 6.2 **Payment to the Company.** Subject to Section 6.4, the City and the County shall pay to the Company their respective portion of the compensation amount due and owing under this Article 6 and invoiced by the Company with respect to the City and the County within thirty (30) days after the date of receipt by the Jurisdictions of a properly formatted invoice, consistent with Schedule 3 containing the required documentation and free of errors. If the due date for payment is not a business day, payment is due on the next business day following that date. If the Jurisdictions fail to remit the full amount payable (less any disputed portion) by the Jurisdictions when due, interest on the unpaid portion of the respective Jurisdiction's invoice shall accrue at the rate provided in Section 6.3.

Section 6.3 **Overdue Charges.** Amounts owed to the Company and remaining sixty (60) days after each Jurisdictions' receipt of its invoice shall accrue interest each day such invoice is not paid beyond the applicable due date at the rate of six percent (6%) per annum or the maximum rate permitted by Applicable Law, whichever is less. The daily rate shall be equal to the annual rate divided by 365.

Section 6.4 **Disputes.** In the event of a dispute as to any invoice or Work performed by the Company, (a) the Jurisdictions shall pay when due the amount of the invoice which is not in dispute, and (b) the Jurisdictions shall give the Company written notice of the dispute at the time such partial payment, if any, is made. Such notice shall identify the invoice, state the amount in dispute and set forth a general statement of the grounds which forms the basis of such dispute. No adjustment shall be considered or made for disputed charges until notice is given as required by this Section 6.4. Upon resolution of the dispute, the Company shall promptly refund the amount of any paid overcharge to the Jurisdictions or the Jurisdictions shall promptly pay to

28
the Company the outstanding portion of the invoice, whichever is applicable, with interest at the rate set forth in Section 6.3. Each Party is specifically authorized to off-set and deduct from any other payments, if any, including, without limitation, the Acceptable Fee, that it may owe the other to secure the repayment of the other Party's obligations herein, including without limitation, in the case of the Jurisdictions' right of setoff, under Sections 4.4, 4.6, 4.9 or 10.1 in the event the Company has failed to refund or pay the Jurisdictions on time in accordance with the terms of this Agreement.

ARTICLE 7 Insurance and Indemnification.

Section 7.1 Jurisdictions Insurance.

(a) The Jurisdictions shall maintain liability insurance covering personal injury and property damage as specified in Section 7.1(b). From time to time, as reasonably requested by the Company and upon each change in the insurance carried by the Jurisdictions, the Jurisdictions shall provide the Company evidence that the insurance required hereunder is in place.

(b) The Jurisdictions shall maintain at their expense the following self-insurance coverage: (i) workers compensation insurance as required by Applicable Law; (ii) commercial general liability primary insurance having a minimum combined single limit of liability of $1,000,000 per occurrence; and (iii) comprehensive automobile liability primary insurance applicable to all owned, hired and non-owned vehicles having a minimum combined single limit of liability of $1,000,000 per occurrence. The Jurisdictions shall purchase excess liability insurance having a minimum limit of liability of $2,000,000 per occurrence. Each purchased policy obtained pursuant to Section 7.1(b)(ii) and (iii) above shall designate the Company as an additional insured for claims arising out of the Jurisdictions' negligence. Any Jurisdiction which contracts with one or more private hauler(s) for delivery of Acceptable Waste to the Facility by or on behalf of such Jurisdiction shall require such private hauler(s) to obtain and maintain commercial general liability insurance and commercial automobile insurance with limits not less than $1,000,000 per occurrence and $2,000,000 annual aggregate.

Section 7.2 Jurisdiction Indemnification. To the extent permitted by Applicable Law without waiving its sovereign immunity, each Jurisdiction shall hold harmless and indemnify the Company and its respective affiliates, and its directors, officers, employees, contractors of any tier and other agents ("Company Indemnified Parties") from and against any expense, loss, claim or liability whatsoever (including reasonable legal fees and expenses), and shall defend the Company Indemnified Parties in any proceeding (including appeals) for injury to any Person, or loss or damage to any property arising out of: (a) the negligence or wrongful misconduct of the Jurisdiction, its subcontractors or employees; and (b) the failure by the Jurisdiction or employees to comply with Applicable Law.
Section 7.3  Company Insurance.

(a) The Company shall maintain liability insurance covering personal injury and property damage as provided below, which insurance shall name each Jurisdiction as an additional insured for claims arising out of the Company’s negligence. From time to time, as reasonably requested by the Jurisdictions and upon each change in the insurance carried by the Company, the Company shall provide the Jurisdictions written evidence that the insurance required this Agreement is in place and in full force and effect. Failure of the Company to obtain and maintain the insurance required under the pursuant to the terms of this Agreement shall be deemed to an Event of Default for purposes of Section 10.3(b).

(b) The Company shall obtain and maintain, at its sole cost and expense, the following insurance coverage: (i) workers compensation insurance as required by Applicable Law, with a deductible amount of not greater than $500,000, together with employer’s liability insurance with limit of liability of not less than $1,000,000, with a deductible amount of not greater than $500,000; (ii) commercial general liability and property damage primary insurance with a broad form contractual liability endorsement and products/completed operations endorsement having a minimum combined single limit of liability of $1,000,000 per occurrence, with a deductible amount of not greater than $250,000; (iii) comprehensive automobile liability primary insurance applicable to all owned, hired and non-owned vehicles having a minimum combined single limit of liability of $1,000,000 per occurrence, with a deductible amount of not greater than $250,000; (iv) excess liability insurance having a minimum limit of liability of $2,000,000 per occurrence, total coverage of at least $50,000,000, and a self-insured retention of $250,000 or less; and (v) insurance for loss, damages or destruction to the Facility (including boiler and machinery) caused by “broad form” peril in an amount at all times equal to the full replacement value of the Facility (including, to the extent available on commercially reasonable terms, insurance for such loss caused by flood or earthquake), with a deductible amount not to exceed $250,000, except coverage for wind and earthquake which shall have a deductible amount not to exceed $500,000. Each policy obtained to satisfy Sections 7.3(b)(ii) through (v) above shall designate “The City of Alexandria, Virginia and the County Board of Arlington County, Virginia and their elected and appointed officials, employees and agents” as additional insureds for claims arising out of the Company’s negligence.

(c) The Company shall obtain and maintain, at its sole cost and expense, pollution liability insurance with limits not less than $6,000,000 per occurrence and $2,000,000 annual aggregate, and shall require all haulers delivering Solid Waste to the Facility to obtain and maintain commercial general liability insurance and commercial automobile insurance with limits not less than $1,000,000 per occurrence and $2,000,000 annual aggregate. Each policy obtained to satisfy the requirements of this Section 7.3(c) shall designate “The City of Alexandria, Virginia and the County Board of Arlington County, Virginia and their elected and appointed officials, employees and agents” as additional insureds for claims arising out of the Company’s or haulers’ negligence. All insurance policies required to be secured and maintained by the Company under this Agreement shall provide that each insurance company shall have no recourse against the Jurisdictions for payment of any premiums or for assessments under any form of policy.
Section 7.4 Company Indemnification. The Company shall hold harmless and indemnify the Jurisdictions and their directors, officers, employees, agents, and contractors, and the County Board and the City Council, and each of their respective agents, servants, employees and independent contractors performing services for the Jurisdictions (collectively, the “Jurisdictions Indemnified Parties”) from and against any damages, expenses (including attorneys fees), losses, fines, penalties, claim or liability of any kind or nature whatsoever (collectively, “Losses”) and shall defend the Jurisdictions Indemnified Parties in any proceeding (including appeals), for injury to any person, or loss or damage to any property based upon, arising out of, by reason of or otherwise, in respect of or in connection with: (a) any alleged or actual defects, errors or omissions relative to the Work; (b) the negligence or wrongful misconduct (including any act of fraud) of the Company and its directors, officers or partners, and as the case may be, employees, contractors of any tier or other agents; (c) the failure by the Company and their respective directors, officers or partners, as the case may be, employees, contractors of any tier or other agents to comply with all Applicable Law; and (d) any claims by Dominion Virginia Power, or its successor or assigns, that any Jurisdiction has breached or is liable as an Operator (as such term is defined in the Power Purchase Agreement) under the Power Purchase Agreement. This Section 7.4 shall survive the earlier termination or expiration of this Agreement.

ARTICLE 8 Governmental Regulation.

Section 8.1 Compliance with Applicable Law. The Company shall, at its sole cost and expense, perform all Work under this Agreement in compliance with all Applicable Law.

Section 8.2 Permits. The Company shall acquire, maintain and, as applicable, renew all Permits required of or for the Company relative to the Facility or to perform the Work, or both, and, subject to Sections 4.5 and 4.8, shall be solely liable for the cost and expense of all regulatory fees, levies, assessments and charges pertaining to such Permits. The Parties agree that the obligation to obtain and maintain such Permits is solely vested with the Company.

ARTICLE 9 Suspension Due To Force Majeure; Jurisdiction Fault; Termination Due To Force Majeure.

Section 9.1 Suspension of Obligations; Notice of an Event of Force Majeure.

(a) If the Company declares or asserts that an Event of Force Majeure shall have occurred and such Event of Force Majeure resulted in increasing the Company’s costs to perform the Work or that its revenues have decreased, the Company shall nevertheless continue to perform its obligations under this Agreement that it is not prevented from performing by the Event of Force Majeure regardless of its increased costs or decreased revenues, or both, relative to such performance. Except for Change in Law Charges payable in accordance with Section 4.5, the Company shall be solely liable for any increase in costs as a consequence of the occurrence and continuance of an Event of Force Majeure. The Company shall be solely liable for any decreases in revenues as a consequence of the occurrence and continuance of an Event of Force Majeure.
(b) A delay or failure of performance hereunder by any Party shall not constitute an Event of Default or cause for any liability under this Agreement to the extent caused by an Event of Force Majeure. Such delay or failure shall be excused at any time performance is prevented by an Event of Force Majeure and during any time period thereafter that may be reasonably necessary for the affected Party, using its reasonable efforts, to resume performance despite such Event of Force Majeure. If an Event of Force Majeure causes a reduction, but not a complete suspension in the ability of the Company to accept, Process or dispose of Acceptable Waste or transport or dispose of Residue, then the Company shall accept and Process such Acceptable Waste in accordance with Section 10.2. Subject to Section 10.6, an act or Event of Force Majeure shall not terminate or suspend (i) the Jurisdictions’ obligations to make payments pursuant to this Agreement for Acceptable Waste which has been delivered by or on behalf of the Jurisdictions to the Facility and accepted and Processed by the Company prior to a suspension of the Facility for an Event of Force Majeure, and (ii) the Company’s obligations to make payments to the Jurisdictions pursuant to this Agreement. If caused by an Event of Force Majeure, the Jurisdictions shall be relieved of its obligation to make any shortfall payment (monthly or annual) to the extent the Jurisdictions are prevented from delivering (or causing to be delivered) Acceptable Waste to the Facility or the Company cannot accept Acceptable Waste at the Facility.

(c) If any Party claims the occurrence of an Event of Force Majeure as a basis for not performing its obligations under this Agreement, then the Party making such claim shall (i) promptly upon discovery (whether an actual Event of Force Majeure or reasonably expected Event of Force Majeure) thereof, provide telephone or oral, or both, notice thereof, including written notice, to the other Parties of the occurrence of the Event of Force Majeure; (ii) provide an estimate of its expected duration; (iii) describe in reasonable detail its probable effect on the performance of its obligations hereunder; (iv) exercise all reasonable efforts to continue to perform its obligations hereunder to the extent not prevented by an Event of Force Majeure; (v) expeditiously take action to Cure the Event of Force Majeure; (vi) exercise all reasonable efforts to mitigate or limit damages to the other Parties; and (vii) provide prompt telephone or oral notice, including written notice, to the other Parties of the cessation of the Event of Force Majeure which gave rise to its inability to perform.

Section 9.2 Efforts to Remove Condition.

(a) A Party whose performance is adversely affected by an Event of Force Majeure shall promptly address and continuously exercise all reasonable efforts to mitigate and thereafter, overcome or remove, or both, the impact of the Event of Force Majeure.

(b) In the event the Company claims that an Event of Force Majeure has occurred, the Company shall perform or cause to be performed, any obligation not prevented by the Event of Force Majeure, and shall use reasonable and diligent efforts to overcome and remove such Event of Force Majeure so that the Facility may Process Acceptable Waste and satisfy the Company’s obligations under this Agreement. Except as provided for in Section 4.5, the Company shall be solely liable for all insurance costs, deductibles and any other costs arising out of, resulting from or related in any way whatsoever to an Event of Force Majeure relative to the Facility and the Facility Site.
Section 9.3 **Jurisdiction Fault.** If the Company claims the occurrence of Jurisdiction Fault as a basis for not performing its obligations under this Agreement, then the Company shall (a) provide prompt notice, including written notice, to the Jurisdictions of the occurrence of Jurisdiction Fault; (b) provide an estimate of the expected duration of its impact; (c) describe its probable effect on the performance of the Work; (d) exercise all reasonable efforts to continue to perform the affected Work to the extent not prevented by the impact of Jurisdiction Fault; (e) expeditiously take such action(s) approved by the Jurisdictions to Cure Jurisdiction Fault; (f) exercise all reasonable efforts to mitigate or limit damages to the Jurisdictions; and (g) provide prompt notice, including written notice, to the Jurisdictions of the cessation of the impact of Jurisdiction Fault. If the Company declares or asserts that a Jurisdiction Fault shall have occurred which caused its costs to perform the Work to increase or its revenues to decrease, or both, the Company shall nevertheless continue to perform its obligations under this Agreement that it is not prevented from performing by the occurrence and impact of Jurisdiction Fault regardless of its increased costs or reduction in revenues, or both.

**ARTICLE 10 Alternate Facility; Events of Default; Termination.**

Section 10.1 **Alternate Facility.**

(a) If the Company is unable to accept or Process Acceptable Waste at the Facility in accordance with the terms of this Agreement other than as a direct result of an occurrence of a Event of Force Majeure or Jurisdiction Fault (such an event, a “Forced Outage”), then the Company shall, following prompt notice to the Jurisdictions (both telephonic notice to the Public Works Officials and written notice to the Jurisdictions) either (i) arrange for such Acceptable Waste to be loaded onto trucks at the Facility and transported and disposed of at an alternate disposal facility properly permitted to accept and dispose of Acceptable Waste in accordance with Applicable Law, or (ii) designate and direct the Jurisdictions to transport and dispose of the Acceptable Waste to an alternate disposal facility properly permitted to accept and dispose of Acceptable Waste in accordance with Applicable Law, which in no event shall be located more than twenty (20) miles one way by truck from the Facility (an “Alternate Facility”). The Parties will cooperate with one another in pre-approving Alternate Facilities. The Company may designate a different Alternate Facility for each Jurisdiction, and may only change such designation no more than once weekly, with forty-eight (48) hours’ prior notice (both telephonic notice to the Public Works Officials and written notice to the Jurisdictions) to the affected Jurisdiction. In the event a Forced Outage lasts longer than thirty (30) days or the Jurisdictions are incurring additional costs as a result of using the Alternate Facility which are not being reimbursed by the Company, then each Jurisdiction shall be entitled to reject the Alternate Facility proposed by the Company and separately direct its haulers to deliver the Jurisdiction’s Solid Waste to any other disposal facility selected by the Jurisdiction, in its sole discretion. If the Company directs either Jurisdiction to an Alternate Facility, the Company shall directly pay, to the operator of the Alternate Facility, all costs of disposal of the Jurisdiction’s waste at such Facility, subject only to the Jurisdictions being responsible to pay to the Company the Acceptance Fee for Acceptable Waste delivered directly to and accepted by the Alternate Facility.
(b) The Company shall pay to the Jurisdictions, within sixty (60) days following invoice by the Jurisdictions, for all Alternate Facility Costs incurred by the Jurisdictions, subject to Cost Substantiation. In addition, the Company shall promptly reimburse and pay to each Jurisdiction for any fines and penalties incurred as a result of the use of the Alternate Facility unless such fine or penalty is directly attributable to the negligence or willful misconduct of the Jurisdiction or its employees.

(c) All Acceptable Waste which is delivered or caused to be delivered by the Jurisdictions which is not accepted by the Company at the Facility or an Alternate Facility or which is rejected by the Company (other than pursuant to Section 3.2(a)) shall constitute Diverted Waste and be counted in calculating the Minimum Annual Tonnage for all purposes of this Agreement.

(d) In the event that (i) a Forced Outage lasts more than sixty (60) days and the Company is not diligently and promptly pursuing a Cure of such Forced Outage, or (ii) the Company fails to reimburse the Jurisdictions the Alternate Facility Costs within sixty (60) days following delivery of an invoice requesting payment, such event(s) shall automatically constitute an Event of Default on the part of the Company under this Agreement.

(e) If, during a Billing Month, Acceptable Waste delivered by or on behalf of the Jurisdictions to the Facility or an Alternate Facility (in the case of a Forced Outage) is wrongfully rejected or, in accordance with Section 10.1(a), the Jurisdictions choose not to deliver Acceptable Waste to an Alternate Facility, then (i) the Jurisdictions shall not be obligated to pay the Company the Base Tipping Fee and the sum of the then applicable Unit Change in Law Cost(s) for such Tons of Diverted Waste wrongfully rejected by the Company (or such other Person in the case of an Alternate Facility) and (ii) the Company shall pay the Jurisdictions, within thirty (30) days after the end of the Billing Month, the positive difference, if any, between (A) the actual costs incurred by or on behalf of the Jurisdictions, subject to Cost Substantiation, to transport and dispose of such Diverted Waste, including transportation, fuel, labor and disposal fees, costs and expenses (including the cost, plus ten (10%), of additional overtime incurred by Jurisdictions’ employees, and additional charges of contractor(s) of the Jurisdiction(s)) incurred by or on behalf of the Jurisdictions, and, (B) the product of (x) the Tons of such Diverted Waste, multiplied by (y) the sum of the Base Tipping Fee and the sum of the then applicable Unit Change in Law Costs for such Billing Month. Additionally, the Company shall pay the Jurisdictions, within thirty (30) days following the end of the Billing Month, the Residue Disposal Credit or the Residue Disposal Rebate, as applicable, and the Change in Law Credit, if any, as calculated in accordance with Sections 4.4 and 4.5(d), respectively.

Section 10.2 Partial Reductions Due to a Forced Outage or Event of Force Majeure. If an Event of Force Majeure or Forced Outage causes a reduction, but not a complete suspension in the ability of the Company to accept, Process or dispose of Acceptable Waste at the Facility or transport or dispose of Residue, then the Company shall (a) give preference and priority to Acceptable Waste delivered by or on behalf of the Jurisdictions in the use of any reduced capacity of the Facility, and (b) use reasonable efforts to accept and Process Acceptable Waste delivered to the Facility by or on behalf of the Jurisdictions (subject to the Company’s rejection rights under Section 3.2(a)) up to the reduced capacity of the Facility.
Section 10.3 Events of Default of the Company. Each of the following shall constitute an Event of Default on the part of the Company toward the Jurisdictions under this Agreement:

(a) The Company fails to pay any amount when it is due and payable hereunder within the timeframe specified for such payment and such failure continues for a period of sixty (60) days after written notice by either Jurisdiction to the Company;

(b) The Company fails to comply with and perform any other term, covenant or agreement contained in this Agreement and such failure continues for a period of thirty (30) days (which period shall be extended if requested by the Company and the Company demonstrates to the reasonable satisfaction of the Jurisdictions that the Company is diligently and continuously pursuing a cure but such cure cannot reasonably be effected within thirty (30) days) after written notice to the Company specifying the nature of such failure and requesting that it be remedied;

(c) The Company or the Guarantor makes a general assignment for the benefit of creditors, files a petition in bankruptcy, is adjudicated insolvent or bankrupt, petitions or applies to any tribunal for any custodian, receiver or trustee for it or any substantial part of its property, commences any proceeding relating to it under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction whether now or hereafter in effect, or if there shall have been filed any such proceeding, in which an order for relief is entered or which is not dismissed for a period of sixty (60) days or more or if by any act indicates its consent to, approval of or acquiescence in any such petition, application or proceeding or order for relief or the appointment of any custodian, receiver of or any trustee for it or any substantial part of its property or suffers any such custodianship, receivership or trusteeship to continue undischarged for a period of sixty (60) days or more;

(d) The failure of the Guarantor to comply (subject to the permitted cure period set forth in Section 10.3(b)) with its obligations under the Guaranty in accordance with the terms and conditions therein;

(e) Termination of the Site Lease due to an Event of Default of the Company; or

(f) The persistent or repeated failure or refusal by the Company to (1) accept and Process Acceptable Waste delivered by or on behalf of the Jurisdictions to the Facility in accordance with this Agreement (irrespective of whether the Company is paying the Jurisdictions any damages, costs or fees under this Agreement), unless such failure or refusal is caused by an Event of Force Majeure, Jurisdiction Fault or Forced Outage (exclusive of intentional or willful acts of the Company) not exceeding thirty (30) consecutive days, or (2) pay any amounts due and payable to the Jurisdictions in excess of an aggregate amount of $5,000 after notice in accordance with this Agreement. For purposes of this Section 10.3(f), any occurrence of an Event of Default described in subsection (1) or (2) of this Section 10.3(f) within twenty (24) months of at least two prior occurrences of an Event of Default of a similar nature shall (i) notwithstanding anything in this Agreement to the contrary, not be subject to any cure or grace
period; and (ii) be deemed and constitute a persistent or repeated failure or refusal by the Company under the immediately preceding sentence of this Section 10.3(f).

Section 10.4 Events of Default of Jurisdictions. Each of the following shall constitute an Event of Default on the part of the Jurisdictions toward the Company under this Agreement:

(a) A Jurisdiction fails to timely pay the Acceptance Fee, the Excess Tonnage Fee, if applicable, or any other amount due and payable hereunder in accordance with this Agreement within the timeframe specified for such payment and such failure continues for a period of sixty (60) days after written demand from the Company to the Jurisdictions for such payment;

(b) A Jurisdiction fails to comply with and perform any other material term, covenant or agreement contained in this Agreement and such failure continues for a period of thirty (30) days (which period shall be extended if requested by the Jurisdiction and the Jurisdiction(s) demonstrate that it or they are pursuing a cure but such cure cannot reasonably be effected within thirty (30) days) after written notice to the Jurisdictions specifying the nature of such failure and requesting that it be remedied; or

(c) A Jurisdiction makes a general assignment for the benefit of creditors, files a petition in bankruptcy, is adjudicated insolvent or bankrupt, petitions or applies to any tribunal for any custodian, receiver or trustee for it or any substantial part of its property, commences any proceeding relating to it under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction whether now or hereafter in effect, or if there shall have been filed any such proceeding, in which an order for relief is entered or which is not dismissed for a period of sixty (60) days or more or if by any act indicates its consent to, approval of or acquiescence in any such petition, application or proceeding or order for relief or the appointment of any custodian, receiver of or any trustee for it or any substantial part of its property or suffers any such custodianship, receivership or trusteeship to continue undischarged for a period of sixty (60) days or more.

Section 10.5 Remedies on Default. Whenever any Event of Default has occurred and shall be continuing, any non-defaulting Party shall have the following rights and remedies:

(a) Upon thirty (30) Business Days prior written notice to the Company, if the Company is then in default, the Jurisdictions shall have the option to terminate this Agreement, unless (i) the Event of Default is fully cured prior to the expiration of such thirty (30) day period or (ii) during such thirty (30) day period, the Company has taken all necessary and appropriate steps that can be reasonably completed within such period and continues to proceed with uninterrupted reasonable diligence to Cure such Event of Default within a reasonable time thereafter (which, if the Event of Default is the payment of monies and results from restraint by a court or regulatory agency, shall mean the undertaking and prosecution of prompt, diligent, good faith efforts to remove such restraint);

(b) Upon thirty (30) Business Days prior written notice to the Jurisdictions, if the Jurisdictions are then in default, the Company shall have the option to terminate this
Agreement, unless (i) the Event of Default is fully cured prior to the expiration of such thirty (30) day period or (ii) during such thirty (30) day period, the Jurisdictions has taken all necessary and appropriate steps that can be reasonably completed within such period and continues to proceed with uninterrupted reasonable diligence to Cure such Event of Default within a reasonable period of time thereafter (which, if the Event of Default is the payment of monies and results from restraint by a court or regulatory agency, shall mean the undertaking and prosecution of prompt, diligent, good faith efforts to remove such restraint);

(c) Upon written notice to the Jurisdictions, if the Jurisdictions have failed to pay amounts owed to the Company under this Agreement, the Company shall have the option, within ninety (90) days thereafter after such demand without terminating this Agreement, to stop accepting Acceptable Waste delivered or tendered for delivery by the Jurisdictions, until such Event of Default is Cured or this Agreement is terminated.

Section 10.6 Change in Law.

(a) Jurisdictions' Termination Upon Maximum Change in Law Cost. If one or more Change(s) in Law shall occur after the Effective Date having the effect, individually or collectively, of increasing the Company’s costs to perform the Work, the Parties shall proceed in accordance with Section 4.5. If, the aggregate Unit Change in Law Cost(s) (as such Unit Change in Law Cost(s) may, in absence of actual values, may be reasonably estimated) for any Billing Month during the Term to equal or exceed Ten Dollars ($10.00) per Ton, as escalated by the Adjustment Factor each Contract Year (the “Maximum Change in Law Cost”), then, notwithstanding any obligation the Jurisdictions may otherwise have to pay their share to Cure the Change in Law on a per Ton basis under Sections 4.5(a) and (b), the Jurisdictions may, following receipt of a Company Change in Law Notice that would result in an amount equal to or exceeding such Maximum Change in Law Cost, terminate this Agreement with respect to the Jurisdictions’ by one hundred eighty (180) days prior notice from the Jurisdictions to the Company. Any such termination shall be without any termination damage, penalty or payment to the Company (including any amount relative to adjustment to the Acceptance Fee resulting from the Change(s) in Law) and the Company waives all claims to any such damage, penalty or payment. The Jurisdictions, however, shall be liable to pay the Company the amounts the Company has earned or accrued pursuant to Section 4.2 (exclusive of the adjustment to the Acceptance Fee relative to the Change in Law resulting in such Maximum Change in Law Cost, and subject to any set-offs or other credits to the Acceptance Fee) prior to the effective date of termination.

(b) Jurisdictions’ Termination Upon Maximum Unamortized Capital Cost. If one or more Change(s) in Law occur that would necessitate a capital alteration or addition of a capital project to the Facility and which, after estimating the expected costs for such capital alteration or project, the unamortized portion of any such project is reasonably estimated to be greater than Two Million Dollars ($2,000,000), as escalated by the Adjustment Factor each Contract Year (the “Maximum Unamortized Capital Cost”), on or after September 30, 2025, then the Jurisdictions may, following receipt of a Company Change in Law Notice that would result in such Maximum Unamortized Capital Cost, terminate this Agreement with respect to the Jurisdictions’ by one hundred eighty (180) days prior notice from the Jurisdictions to the
Company. Any such termination shall be without any obligation of the Jurisdictions to pay such
capital cost, and the Jurisdictions shall not be liable for any termination damage, penalty or
payment to the Company (including any amount relative to adjustment to the Acceptance Fee
resulting from the Change(s) in Law) and the Company waives all claims to any such damage,
penalty or payment.

(c) **Company Termination Upon Change in Law.** If, the aggregate Unit
Change in Law Cost(s) (as such Unit Change in Law Cost(s) may, in absence of actual values,
may be reasonably estimated) for any Billing Month during the Term is equal to or exceeds the
Maximum Change in Law Cost, then the Company may, following the Change in Law that
would result in an amount equal to or exceeding such Maximum Change in Law Cost, terminate
this Agreement with respect to the Company by one hundred eighty (180) days prior notice to the
Jurisdictions. Upon such termination, the Site Lease and the Operating Lease will be terminated
effective as of the date that the termination of this Agreement is effective. Any such termination
shall be without any obligation of the Company to pay any termination penalty or payment to the
Jurisdictions (except for any amounts otherwise due to the Jurisdictions under this Agreement or
the Site Lease, or both).

(d) **Payment of Excess Maximum Change in Law Cost.** If, as a result of one
or more Change(s) in Law, the Jurisdictions or the Company have the right to terminate this
Agreement pursuant to Section 10.6(a) or 10.6(c), respectively[,] then either Party (either the
Company or the Jurisdictions) may elect, by written notice to the other Party, to absorb and pay
for the amount by which such Unit Change in Law Cost(s) exceeds the Maximum Change in
Law Cost for each Billing Month throughout the Term; provided, however, if, during any Billing
Month, the aggregate Unit Change in Law Cost(s) equal or exceed the Maximum Change in Law
Cost, then the Jurisdictions or the Company, respectively, shall be permitted to terminate this
Agreement under Section 10.6(a) or 10.6(c), respectively.

**ARTICLE 11 Representation and Warranties.**

Section 11.1 **Representations and Warranties of the Jurisdictions.** Each Jurisdiction,
severally and not jointly, represents and warrants to the Company that (a) this Agreement has
been executed by authorized officers of the respective Jurisdiction, and has heretofore delivered
to the Company evidence of such authority; (b) it has the full power and authority to execute and
deliver this Agreement to the Company and to carry out the transactions contemplated hereby, all
of which have been duly authorized in accordance with the laws of the Commonwealth of
Virginia; and (c) there is no litigation pending, or to the knowledge of the respective Jurisdiction,
threatened in writing, which questions this Agreement or which affect or may affect the
transactions contemplated hereby.

Section 11.2 **Representations and Warranties of the Company.** The Company
represents and warrants to the Jurisdictions that (a) this Agreement has been executed by an
authorized officer of the Company, and has heretofore delivered to the Jurisdictions evidence of
such authority; (b) the Company has the full power and authority to execute and deliver this
Agreement to the Jurisdictions and to carry out the transactions contemplated hereby, all of
which have been duly authorized in accordance with its governing documents; and (c) there is no
litigation pending or, to the knowledge of the Company, threatened, which questions this Agreement or which affect or which affects the transactions contemplated hereby.

Section 11.3 Liability for Breach. The Parties hereto shall be liable to each other in the manner and to the extent provided by Applicable Law for any loss or harm occasioned by the breach of any term, covenant, agreement, undertaking or obligation of this Agreement. Neither Party shall be liable to the other for consequential damages resulting from or arising out of this Agreement. This Section 11.3 shall survive the earlier termination of expiration of this Agreement.

ARTICLE 12 Conditions Precedent to Execution Date and Effective Date.

Section 12.1 Execution Date; Effective Date. Notwithstanding any provision in this Agreement that may be interpreted or construed to the contrary,

(a) the Parties shall neither be bound by the terms and conditions of this Agreement nor shall this Agreement have any force and effect unless and until:

(i) each Party shall have executed and delivered this Agreement, the Amendment to the Site Lease, in form and substance attached hereto as Exhibit A, and the Amendment to the Operating Lease, in form and substance attached hereto as Exhibit B, in each case, to the other Parties hereto;

(ii) the Company has delivered to the Jurisdictions the Guaranty, in form and substance attached hereto as Exhibit D (the “Guaranty”), duly executed by Covanta Holding Corporation, a Delaware corporation and the parent company of the Company (the “Guarantor”), and delivered to the Jurisdictions, and

(b) the obligations of the Parties under this Agreement shall not begin until the Effective Date.

ARTICLE 13 Company Covenants.

Section 13.1 Permit Modifications. Without the prior written consent of the Jurisdictions, during the Term, the Company shall not change, modify or amend any Permit which would, directly or indirectly, increase the steaming rate, increase maximum tonnage limits or otherwise allow the Company to accept or Process more Solid Waste at the Facility as is permitted under the Permits in effect as of the Execution Date.

Section 13.2 Supplemental Waste. The Company shall only accept Acceptable Waste and Supplemental Waste at the Facility. For purposes of this Agreement, the term “Supplemental Waste” means Solid Waste which requires special handling as listed on Schedule 5.

Section 13.3 Facility Operations. Subject to the more specific requirements and exceptions set forth in this Agreement, the Company shall: (a) provide continuous operation and maintenance of the Facility; (b) subject to the provisions of Sections 3.2(a), 9.1 and 10.1,
receive, accept and Process all Acceptable Waste delivered by or on behalf of the Jurisdictions at the Facility; (c) manage, operate and maintain the Facility in accordance with Good Engineering Practice and in compliance with all Applicable Laws and applicable industry standards and will maintain the Facility and the Facility Site in a clean, neat, and orderly and litter free condition; (d) maintain the Facility Site, including roads, grounds and other appurtenances in good repair and in a neat, orderly and litter-free condition; (e) operate, maintain, repair and replace radiation detection equipment and systems in existence at the Facility to comply with the more stringent of (i) the standards and requirements set forth on Schedule 7 or (ii) Applicable Law; and (f) operate, maintain, repair and replace the Facility and all its appurtenances as necessary and appropriate to satisfy its obligations pursuant to this Agreement and in accordance with Good Engineering Practice. Unless otherwise expressly provided for herein, the Company shall be solely responsible, at its sole cost and expense, for all means, methods, techniques, sequences, procedures and safety programs in connection with the performance of its obligations hereunder. The Company shall have the exclusive right to contract with all other haulers (other than with haulers who collect Acceptable Waste within the City or County by or on behalf of the Jurisdiction(s)) and Governmental Authorities (other than the Jurisdictions or arrangements or contracts (whether oral or written) between the Jurisdiction(s) with governmental agencies or units in effect as of the Execution Date) in delivering Acceptable Waste to the Facility.

Section 13.4. Community Outreach. During the Term, the Company shall continue to maintain its community outreach programs that are reasonably equivalent to or better than the Company's community outreach programs in effect on the Execution Date.

Section 13.5 Meetings with the Jurisdictions; Access to the Facility; Inspection and Reporting.

(a) Meetings with the Jurisdictions. If requested by the Jurisdictions, the Company shall hold monthly meetings with the Jurisdictions and such other Persons requested by the Jurisdictions at the Facility or such other place specified by the Jurisdictions within the City or the County.

(b) Access to the Facility. The Company shall provide the Jurisdictions and their respective representatives and agents (subject to the execution by such representatives and agents of the Confidentiality Agreement) upon reasonable notice and with the full cooperation of the Company, access to and rights to visit and conduct a site review of the Facility and the Facility Site during normal business hours for any reason, including to conduct a review of the Facility as has historically been conducted by the Jurisdictions' consulting engineer(s) during the three (3) year period immediately preceding the Execution Date.

(c) Monthly Reporting. On or before the tenth (10th) day of each Billing Month, the Company shall deliver the Monthly Report to each Jurisdiction in as many copies as reasonably requested by either of them. At the request of any Jurisdiction, or both, the Company shall supply the data and information contained in the Monthly Report in an electronic format acceptable to such requesting Party.
(d) **Tours.** The Company shall schedule and provide tours of the Facility and Facility Site upon reasonable notice by any Jurisdiction; provided, however, subject to Section 13.8, no such tours of the Facility and the Facility Site may include any direct competitors of the Company. Any Jurisdiction may schedule as many tours as desired upon reasonable notice to the Company, provided that any such tours shall not unreasonably interfere with Facility operations or construction of capital projects being constructed. Literature describing the Facility and its operation, if provided by a Jurisdiction, shall be distributed by the Company and its representatives during the tour and to the general public. The Company shall also secure, maintain and supply a sufficient number of clean hardhats and safety glasses for use by tour groups when touring the Facility and the Facility Site. The Company shall replace such hardhats and safety glasses as appropriate in order to maintain good public relations.

Section 13.6 **Jurisdiction-Requested Improvements.** The Company shall make capital improvements to the Facility requested by the Jurisdictions and agreed to by the Company. At the Jurisdictions' request, the Company will pay or finance the cost of such improvements (including without limitation the cost of financing, overhead and reasonable profit), which improvements shall be agreed upon by the Company and the Jurisdictions prior to implementation of the capital improvement and the Jurisdictions will reimburse the Company for the agreed upon cost of the improvement in equal annual installments, based upon the useful life of the equipment or improvement installed, or as otherwise agreed to by the Parties. If the entire amount of the cost of a capital improvement requested pursuant to this Section 13.6 is not paid by the later to occur of (i) the last day of the Term, or (ii) the last date of the Site Lease, the Jurisdictions shall pay the Company the remaining amount within sixty (60) days following expiration of such applicable date. The Jurisdictions shall retain the option to finance the agreed upon improvement, provided that the plan of financing is reasonably acceptable to the Company.

Section 13.7 **Transfer of Facility Documentation Upon Termination or Expiration of the Site Lease.** In the event that the Site Lease is terminated or expires at the end of the Site Lease Term, the Company shall, at least thirty (30) days prior to the expiration of the Site Lease Term or, as applicable, no later than one week following the Jurisdictions' notice of termination to the Company following an Event of Default by the Company under the Site Lease, deliver to the Jurisdictions' copies of all Facility drawings, equipment operation and maintenance manuals and other manuals, reports, as-built drawings, specifications, maps, photographs and permits and permit applications. This Section 13.7 shall survive the earlier termination or expiration of this Agreement for a period of one (1) year following expiration of the Site Lease Term.

Section 13.8 **Tours and Operations Transition.** On and after the occurrence of an Event of Default by the Company, or, as applicable, at least fifteen (15) months prior to the expiration of the Term, the Company shall (a) fully cooperate with the Jurisdictions in providing access to the Facility and Facility Site to potential subsequent operator(s) of the Facility to tour and visually observe the Facility and the Facility Site (both inside and outside the Facility) as often as may be reasonably requested by the Jurisdictions, provided that such access to the Facility and the Facility Site shall not unreasonably interfere with the Company's operation and maintenance of the Facility, and (b) subject to any non-compete agreement between the Company and the applicable supervisor or manager, not restrict its managers performing services at the Facility from being fully available to the Jurisdictions or potential successor operator for employment or
attempted employment by the Jurisdictions or potential successor operators if the Site Lease is
terminated or will expire or has expired. The Company shall not restrict Facility personnel from
meeting with the Jurisdictions after work hours or any potential successor operator, or, subject to
any non-compete agreements between the Company and the applicable supervisor or manager,
interfere with their acceptance of offers of employment by the City, the County or any potential
successor operator(s) during such periods. The Company agrees that the Jurisdictions shall be
permitted to provide to any potential subsequent operator(s) any and all information provided to
the Jurisdictions by the Company for the Monthly Report(s) or otherwise obtained by the
Jurisdictions. This Section 13.8 shall survive the earlier termination or expiration of this
Article 14 Miscellaneous.

Section 14.1 Governing Law. The laws of the Commonwealth of Virginia (excluding
the conflicts of law principles thereof) shall govern the validity, interpretation, construction and
performance of this Agreement.

Section 14.2 Consent of Jurisdiction. Each Party, by execution of this Agreement, (a)
hereby irrevocably submits to the exclusive jurisdiction of the Alexandria Circuit Court, the
Arlington Circuit Court and the United States District Court for the Eastern District of Virginia
for the purpose of any action arising out of or based upon this Agreement or relating to the
subject matter hereof or thereof or the transactions contemplated hereby or thereby, (b) hereby
waives, and agrees to cause each of their respective Affiliates to waive, to the extent not
prohibited by Applicable Law, and agrees not to assert, and agrees not to allow any of their
respective Affiliates to assert, by way of motion, as a defense or otherwise, in any such action,
any claim that such party is not subject personally to the jurisdiction of the above-named courts,
that such party’s property is exempt or immune from attachment or execution, that any such
proceeding brought in one of the above-named courts is improper, or that this Agreement, or the
subject matter hereof or thereof, may not be enforced in or by such court, and (c) hereby agrees
not to commence or to permit any of their respective affiliates to commence any action arising
out of or based upon this Agreement or relating to the subject matter hereof or thereof other than
before one of the above-named courts nor to make any motion or take any other action seeking
or intending to cause the transfer or removal of any such action to any court other than one of the
above-named courts whether on the grounds of inconvenient forum or otherwise. Each party
hereby consents to service of process in any such proceeding in any manner permitted by the
Commonwealth of Virginia and agrees that service of process by registered or certified mail,
return receipt requested, at the address specified pursuant to Section 14.7 hereof is reasonably
calculated to give actual notice.

Section 14.3 Entire Agreement. Except for the Site Lease, Operating Lease and Power
Purchase Agreement, this Agreement merges and supersedes all prior negotiations,
representations and agreements among the Parties. This Agreement constitutes the entire
agreement among the Parties in respect of the subject matter hereof.

Section 14.4 Waiver. No delay in exercising or failure to exercise any right or remedy
accruing to or in favor of any Party hereunder shall impair any such right or remedy or constitute
a waiver thereof. Every right and remedy given hereunder or by law may be exercised from time to time and as often as may be deemed expedient by the parties hereto.

Section 14.5 Modifications. This Agreement may not be modified or amended except in writing and signed by or on behalf of both parties by their duly authorized officers.

Section 14.6 Successors and Assigns. This Agreement shall inure to the benefit of and bind the respective successors and permitted assigns of the parties hereto.

Section 14.7 Notices. All written notices, consents, reports and other documents required or permitted under this Agreement shall be in writing and shall be deemed to have been given when (a) delivered by hand or nationally recognized commercial courier service, (b) deposited in the mails, postage prepaid, registered or certified mail, return receipt requested, or (c) sent by electronic mail to the Party to whom notice is being given at its electronic mail address set forth below (with follow up copy sent by any of the aforesaid means). Any Party may change its address by written notice similarly given.

If to the City:

City of Alexandria, Virginia
City Hall
301 King Street
Alexandria, Virginia 22313
Attention: City Manager
Email: rashad.young@alexandriava.gov

With a copy to (which shall not constitute notice):

City of Alexandria, Virginia
City Hall
301 King Street
Alexandria, Virginia 22313
Attention: Director of Transportation and Environmental Services
Email: rich.baier@alexandriava.gov

With a copy to (which shall not constitute notice):

City of Alexandria, Virginia
City Hall
301 King Street
Alexandria, Virginia 22313
Attention: City Attorney
Email: james.banks@alexandriava.gov
If to the County:

Arlington County, Virginia
2100 Clarendon Boulevard
Arlington, Virginia 22201
Attention: Director, Department of Environmental Services
Email: des@arlingtonva.us

With a copy to (which shall not constitute notice):

Arlington County, Virginia
2100 Clarendon Boulevard
Arlington, Virginia 22201
Attention: County Manager
Email: countymanager@arlingtonva.us

With a copy to (which shall not constitute notice):

Arlington County, Virginia
2100 Clarendon Boulevard, Ste 403
Arlington, Virginia 22201
Attention: County Attorney
Email: cao@arlingtonva.us

If to the Company:

Covanta Alexandria/Arlington, Inc.
c/o Covanta Energy Corporation
445 South Street
Morristown, New Jersey 07960
Attention: Timothy J. Simpson, General Counsel
Email: tsimpson@covantaenergy.com

Section 14.8 Further Actions. Each Party shall, at its own cost and expense, execute any and all certificates, documents and other instruments, and take such other further actions as may be reasonably necessary to give effect to the terms of this Agreement.

Section 14.9 Counterparts. This Agreement may be executed in several counterparts, any one of which shall be considered to be an original hereof for all purposes.

Section 14.10 Severability. In the event that any of the provisions, portions, or applications of this Agreement is held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, portions, or applications thereof shall not be affected thereby.
Section 14.11 Rights of Third Parties. Nothing in this Agreement is intended to confer any right on any person other than the parties to it and their respective successors and assigns nor is anything in this Agreement intended to modify or discharge the obligation or liability of any third person to any Party or give any third person any right of subrogation or action over or against any Party to this Agreement.

Section 14.12 Assignment. This Agreement shall not be assigned by the Company without the prior written consent of the Jurisdictions and the Company shall not enter into any contractual agreement with a third party for the delegation to such third party of performance obligations of the Company of any part of this Agreement without the prior written consent of the Jurisdictions, which consent may be withheld by each Jurisdiction in its sole discretion; provided, however, the Company may, without such consent, assign its interest and obligations hereunder to (a) a Person acquiring all or substantially all of the business and assets of the Company by merger, consolidation, transfer of assets or otherwise or (b) an Affiliate. Any other assignment of this Agreement by the Company without the express written consent and approval of the Jurisdictions, except as expressly recognized herein, shall be null and void at inception. Each Jurisdiction may assign this Agreement without the prior written consent of the Company to a successor by merger or consolidation or a validly constituted agency or authority of the Commonwealth of Virginia, a duly created municipal corporation or authority or similar entity created by the City, the County or by Virginia legislation.

Section 14.13 Headings for Convenience. The headings in this Agreement are for convenience and reference only and in no way define or limit the scope or content of this Agreement or in any way affect its provisions.

Section 14.14 Liability of Officers and Employees. No member of the City Council or County Board, nor any director, officer, agent, consultant, trustee, representative or employee of any Jurisdiction or the Company shall be charged personally by the other or held contractually liable thereto under any term or provision of this Agreement, because of any Party's execution or attempted execution or because of any breach or alleged breach thereof; provided, however, that all Persons remain responsible for any of their own criminal actions.

Section 14.15 Pledge of Credit. The Company shall not pledge the City's or the County's credit or make it a guarantor of payment or surety for any contract, debt, obligation, judgment, lien or any form of indebtedness. The Company further warrants and represents that it has no obligation or indebtedness that would materially impair its ability to fulfill the terms of this Agreement. This Agreement shall not constitute a pledge of the full faith and credit of the City or the County in violation of Section 10 of Article X of the Constitution of Virginia or a bond or debt of the City or the County within the meaning of Section 10 of Article VII of the Constitution of Virginia.

Section 14.16 Specific Performance. If there is an Event of Default on the part of the Company pursuant to Section 10.3 or if the Company is in breach of its obligations under the Agreement, then the Parties agree that specific performance is an appropriate remedy and the Jurisdictions shall have the right of injunctive relief giving effect to their rights under this Agreement, in addition to any and all other rights and remedies provided hereunder. The Parties
agree that since, inter alia, the Facility is critical to the Jurisdictions’ solid waste management plans and, in the interest of public health and safety, the Company’s continuing and uninterrupted acceptance and Processing of the Jurisdictions’ Acceptable Waste at the Facility throughout the Term is a fundamental obligation of the Company, and such obligations of the Company serve as the basis upon which the Jurisdictions are entering into this Agreement to enable the Jurisdictions to provide for the disposal of Acceptable Waste generated in the Jurisdictions without landfilling. Accordingly, the Parties acknowledge and agree that (a) any such Event of Default or breach by the Company of any of its obligations under this Agreement would cause irreparable injury to the Jurisdictions, (b) the remedies at law for any such Event of Default or breach, including monetary damages, are inadequate compensation for the Jurisdictions, (c) the Company’s continued and uninterrupted accepting and Processing of the Jurisdictions’ Acceptable Waste at the Facility is in the best interest of the public, and (d) any defense that a remedy at law would be adequate to compensate the Jurisdictions for an Event of Default by the Company is waived by the Company in any action for specific performance.

[Signature Page Follows]
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

ATTEST: CITY OF ALEXANDRIA, VIRGINIA

By: ____________________________
Name: __________________________
Title: __________________________
[seal]

By: ____________________________
Name: __________________________
Title: __________________________

ATTEST: ARLINGTON COUNTY, VIRGINIA

By: ____________________________
Name: __________________________
Title: __________________________
[seal]

By: ____________________________
Name: __________________________
Title: __________________________

ATTEST: COVANTA ALEXANDRIA/ARLINGTON, INC.

By: ____________________________
Name: Patricia Collins
Title: VP + Assistant Secretary
[seal]

By: ____________________________
Name: Paul Esteguer
Title: VP

[Signature Page to Waste Disposal and Service Agreement]
# LIST OF SCHEDULES AND EXHIBITS

**Schedules**

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Initial Delivery Schedule</td>
</tr>
<tr>
<td>2</td>
<td>Base Tipping Fee, Excess Tonnage Tip Fee and Adjustment Factor</td>
</tr>
<tr>
<td>3</td>
<td>Form of Company Invoice</td>
</tr>
<tr>
<td>4</td>
<td>Unacceptable Waste Definition</td>
</tr>
<tr>
<td>5</td>
<td>Supplemental Waste Definition</td>
</tr>
<tr>
<td>6</td>
<td>Monthly Reports</td>
</tr>
<tr>
<td>7</td>
<td>Radiation Detection Standards and Requirements</td>
</tr>
<tr>
<td>8</td>
<td>Monthly Shortfall Fee and Most Favored Nation Calculation Examples</td>
</tr>
</tbody>
</table>

**Exhibits**

<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Amendment to Site Lease</td>
</tr>
<tr>
<td>B</td>
<td>Amendment to Operating Lease</td>
</tr>
<tr>
<td>C-1</td>
<td>Hauler Rules and Regulations</td>
</tr>
<tr>
<td>C-2</td>
<td>Vehicle Identification Procedure</td>
</tr>
<tr>
<td>C-3</td>
<td>Resident Area Rules and Regulations</td>
</tr>
<tr>
<td>D</td>
<td>Guaranty</td>
</tr>
<tr>
<td>E</td>
<td>Form of Confidentiality Agreement</td>
</tr>
</tbody>
</table>
Schedule 1*

Initial Delivery Schedule

<table>
<thead>
<tr>
<th>Month</th>
<th>Minimum Monthly Tonnage</th>
<th>Excess Monthly Tonnage</th>
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<tbody>
<tr>
<td>Jul</td>
<td>4,330.00</td>
<td>6,560.00</td>
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<td>Aug</td>
<td>4,200.00</td>
<td>5,890.00</td>
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<td>Sep</td>
<td>4,370.00</td>
<td>6,020.00</td>
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<tr>
<td>Oct</td>
<td>4,170.00</td>
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<td>Nov</td>
<td>4,100.00</td>
<td>5,300.00</td>
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<tr>
<td>Dec</td>
<td>3,790.00</td>
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<td>Jan</td>
<td>3,320.00</td>
<td>4,650.00</td>
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<td>Feb</td>
<td>2,610.00</td>
<td>3,930.00</td>
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<td>Mar</td>
<td>4,060.00</td>
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<td>Apr</td>
<td>5,230.00</td>
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<td>May</td>
<td>4,900.00</td>
<td>6,780.00</td>
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<tr>
<td>Jun</td>
<td>4,920.00</td>
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<tr>
<td>Total</td>
<td>50,000.00</td>
<td>70,000.00</td>
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</table>

* This Schedule 1 may be amended by the Jurisdictions in their sole and absolute discretion, pursuant to and in accordance with the terms of Section 2.2 of the Waste Disposal and Service Agreement. During the Initial Term and, if applicable, the Renewal Term (but in no event during the Extended Term), as adjusted in accordance with the terms of Section 2.2, the "Minimum Annual Tonnage" shall be the sum of the Minimum Monthly Tonnages reflected in this Schedule 1 and the "Excess Annual Tonnage Threshold" shall be the sum of the Excess Monthly Tonnages reflected in this Schedule 1. During the Extended Term, the "Minimum Annual Tonnage" shall be equal to zero and the "Excess Annual Tonnage Threshold" shall be determined in accordance with Section 2.2(c).
Schedule 2

Base Tipping Fee, Excess Tonnage Tip Fee and Adjustment Factor

<table>
<thead>
<tr>
<th>Term</th>
<th>Contract Year &quot;n&quot;</th>
<th>Start</th>
<th>End</th>
<th>Base Tipping Fee</th>
<th>Excess Tonnage Tip Fee&lt;sup&gt;(a)&lt;/sup&gt;</th>
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<tbody>
<tr>
<td>Initial</td>
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<td>Renewal</td>
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<td></td>
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<tr>
<td></td>
<td>23</td>
<td>7/1/2035</td>
<td>6/30/2036</td>
<td>$0.00</td>
<td>$9.33 + EOBTF</td>
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<tr>
<td></td>
<td>24</td>
<td>7/1/2036</td>
<td>6/30/2037</td>
<td>$0.00</td>
<td>$9.59 + EOBTF</td>
</tr>
<tr>
<td></td>
<td>25</td>
<td>7/1/2037</td>
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<td>7/1/2038</td>
<td>12/31/2038</td>
<td>$0.00</td>
<td>$10.12 + EOBTF</td>
</tr>
</tbody>
</table>

<sup>(a)</sup> "EOBTF" equals the Base Tipping Fee in effect in the Contract Year in which the Jurisdictions exercised the Extension Option, without escalation or adjustment throughout the Extended Term.

The “Adjustment Factor” for Contract Year “n” (see the table above for values of “n”) is equal to:

\[ AF_n = (1.0275)^n. \]
Schedule 3

Form of Company Invoice

[Attached]
Schedule 4

Unacceptable Waste Definition

Unacceptable Waste shall include the materials (A) if present in concentrations or quantities that, in the reasonable judgment of the Company, (1) would pose a substantial threat to public health or safety, (2) may cause applicable air quality or water effluent standards to be violated by the normal operation of the Facility, or (3) have a reasonable possibility of adversely affecting the operation of the Facility in any material respect, and (B) if the concentrations or quantities exceed those normally found in Solid Waste generated in residential, commercial or light industrial areas. No material shall constitute Unacceptable Waste unless it is listed on this Schedule 4 (Unacceptable Waste) or the Company has notified the Jurisdictions in writing that the material constitutes Unacceptable Waste and the Jurisdictions agree in writing to add such material to this Schedule 4 in accordance with Section I below.

A. Explosives

Dynamite
Hand grenades
Blasting caps
Shotgun shells
Any other explosives
Fireworks

B. Liquid Wastes

Gasoline
Kerosene
Turpentine
Waste oil
Ether
Naphtha
Acetate
Solvents
Paints
Fungicides

Alcohol
Acids
Hydraulic oil
Petroleum
Caustics
Sewage or process wastewaters
Leachate
Sewage sludge
Inflammable or volatile liquids
Insecticides

C. Demolition Debris

Aggregate
Brick
Stone
Cement
Gravel
Sand
Porcelain
Structural clay products
Soil
Asbestos
Cement roofing materials
Materials that cannot be shredded at the Facility
Plaster
Creosote treated lumber or telephone poles
Drywall
Other noncombustible demolition debris

D. Miscellaneous Materials

Offal
Tar
Asphalt
Sealed drums
Pressurized containers
Batteries
Automobile parts
Tree stumps
Tree limbs or logs greater than 4 to 6-feet in length & 6” to 8” in diameter (thickness)

E. Tires

Tires mounted on rims
Tires whose rims exceed 16½"

F. Pathological or Infectious Waste (Medical Waste)

G. Hazardous Waste -- As defined under federal, Virginia and local laws and regulations

H. White Goods items containing ozone depleting substances such as Chlorofluorocarbons (CFCs) and Hydrochlorofluorocarbons (HCFCs) with common names such as “Freon” and Refrigerants (“R-12”). These white goods include:

Refrigerators Water coolers
Freezers Dehumidifiers
Ice makers
Air conditioners (window, motor vehicle, other type)

Note: Loads whose major components are acceptable non-combustible metal items ("white goods") must off-load to the Facility’s metal box as directed by the Covanta tipping floor attendant. “White goods” items to be directed to the metal box include, but are not limited to:
appliances, water heaters, metal furniture and equipment, etc.

Haulers who transport appliances with motors that may have capacitors containing PCBs may be required, at the discretion of CAAI, to certify that these capacitors have been removed before disposal.

I. Upon the written request of the Company, the Jurisdictions shall consider in good faith any information concerning materials that the Company proposes be classified as Unacceptable Waste. The Parties to the Agreement may by mutual written agreement add additional items to this Schedule 4 (Unacceptable Waste).
Schedule 5

Supplemental Waste Definition

"Supplemental Waste" means waste, other than Hazardous Waste, which requires special handling and is received at the Facility from generators and suppliers according to contracts negotiated and entered into solely between the Company or its authorized agent and said generators and suppliers and/or representatives, including, but not limited to, the following:

i. Items suitable for human, plant, or animal use, consumption and/or application whose shelf-life has expired or which the generator wishes to remove from the market and wishes to ensure proper destruction, including but not limited to off-specification or expired consumer-packaged products and pharmaceuticals, returned goods and controlled substances.

ii. Consumer-packaged products intended for human or animal use and/or application but not consumption.

iii. Materials generated in the manufacture of items in the categories above that are or contain commercially useless (i.e. expired, rejected or spent) or finished products not yet formed or packaged for commercial distribution.

iv. Packaging materials, natural and synthetic fibers, clothing, floor coverings of all types, fabric remnants and empty containers (including but not limited to items such as aprons, gloves, floor sweepings and paints).

v. Waste materials that contain oil form routine clean-up of industrial or commercial establishments and machinery (such as non-tem or specialty filters) or the oil-contaminated materials used in the clean-up of spills of used or virgin petroleum products in transit or storage, and which are liquid-free (including but not limited to items such as rags, lint’s and absorbent materials).

vi. Waste materials generated by manufacturing, industrial, commercial or agricultural activities.

vii. Confidential documents (including but not limited to business records, lottery tickets, event tickets and microfilm).

viii. Contraband which may be disposed of at the request of appropriately authorized local, state, or federal governmental agencies.

ix. Waste materials originating at airports, seaports or other locations and regulated for disposal by the United State Department of Agriculture.

In the event the Company wishes to dispose of Supplemental Waste not specifically listed in this definition, the Company shall first obtain the prior written approval of the Public Works Official for each Jurisdiction that such waste falls within the definition of Supplemental Waste herein. Such written approval shall be given or withheld within 72 hours following receipt by the Jurisdictions of a Company’s written request therefore, and shall not be unreasonably withheld or delayed.
Schedule 6

Monthly Reports

- Production & Performance Summary
  1. Production
     - Refuse Received (Tons)
     - Refuse Processed (Tons)
     - Refuse Bypassed (Tons)
     - Supplemental Waste (Tons)
     - Refuse Transferred (Tons)
     - Ash (Tons)
     - Ferrous (Tons)
     - Steam (klbs)
     - Gross Electrical Generation
     - Net Electrical Generation
  2. Utilities Usage
     - In-Plant Power (MWH)
     - Purchased Power (MWH)
     - Auxiliary Fuel Oil (kgals)
     - Waste Water (kgals)
     - Boiler Make-up (kgals)
     - Pebble Lime (Tons)
     - Dolomitic Lime (Tons)
     - Ammonia (klbs)
     - Carbon (Tons)
  3. Performance
     - Refuse HHV (Btu/lb)
     - Refuse Processed (Reference Tons)
     - Gross Energy (KWH/Ref Ton)
     - In-Plant Electricity (KWH/Ref Ton)
- HHV Calculation Sheet
  1. Data Inputs
     - Refuse Processed (Tons)
     - Total Operating Time – All Units (Hours)
     - Boiler No. 1 Steam Production (klbs)
     - Boiler No. 2 Steam Production (klbs)
     - Boiler No. 3 Steam Production (klbs)
     - Boiler No. 1 Steam Temperature (°F)
     - Boiler No. 2 Steam Temperature (°F)
     - Boiler No. 3 Steam Temperature (°F)
     - Boiler No. 1 Steam Pressure (°F)
     - Boiler No. 2 Steam Pressure (°F)
     - Boiler No. 3 Steam Pressure (°F)
     - Boiler Feedwater Temperature (Average °F)
- Boiler No. 1 Economizer Exit Gas Temperature (Average °F)
- Boiler No. 2 Economizer Exit Gas Temperature (Average °F)
- Boiler No. 3 Economizer Exit Gas Temperature (Average °F)
- Auxiliary Fuel Usage (kgals)

2. Enthalpies
   - Main Steam (Btu/lb)
   - Feedwater (Btu/lb)

3. Calculations
   - Percent Excess Air from Percent O\(_2\) (%)
   - Total Boiler Steam Heat Output (Btu)
   - Reference Steam Production due to Auxiliary Fuel (lbs)
   - Reference Total Steam Production from Refuse (lbs)
   - Specific Steam Ratio (lb steam/reference lb fired)
   - HHV Raw Database Curve (Btu/lb)

4. Adjustments
   - Economizer Gas Temperature (Btu/lb)
   - Heated Combustion Air Temperature (Btu/lb)
   - Ambient Air Temperature (Btu/lb)
   - Excess Air (Btu/lb)
   - Subtotal of Adjustments (Btu/lb)
   - Net HHV (Btu/lb)

5. Total Heat Input (mmBtu/Hr/Unit)
   - Percent of M.C.R.

6. Estimated Boiler Efficiency

- Monthly Production Report (Daily Breakdown)
  1. Waste Received (Tons)
  2. Boiler No. 1 Processed Tonnage
  3. Boiler No. 2 Processed Tonnage
  4. Boiler No. 3 Processed Tonnage
  5. Total Processed Tonnage
  6. Measured Pit Inventory (Tons)
  7. Ferrous Recovery (Tons)
  8. Ash Shipped (Tons)
  9. Waste Rejected (Tons)
  10. Boiler No. 1 Steam Production (Tons)
  11. Boiler No. 2 Steam Production (Tons)
  12. Boiler No. 3 Steam Production (Tons)
  13. Make-up Water (gallons)
  14. Gross Turbine Generator No. 1 Output (kWhrs)
  15. Gross Turbine Generator No. 2 Output (kWhrs)
  16. On-peak Power Sold (kWhrs)
  17. Off-peak Power Sold (kWhrs)
  18. Total Power Sold (kWhrs)
  19. On-Peak Power Used (kWhrs)
  20. Off-Peak Power Used (kWhrs)
  21. Total Power Used (kWhrs)
22. Total Power Purchased (kWhrs)

- Tipping Floor Inspection Summary with Notices of Violation Issued
- Jurisdictional & Spot Waste Quantity Report
- Jurisdictional Breakdown Report
- Cooling Tower Makeup Quantity
- Boiler Availability Report
- Turbine Availability Report
- Facility Downtime & Projects Report
  1. Downtime Summary
  2. Work Order Summary
  3. Mechanical Repair Summary
  4. Electrical & Instrumentation Repair Summary
  5. CEMS System Repair Summary
  6. Summary of Environmental Activities (Significant Events, Documentation of Recordable/Recordable Excused/Notices of Violation, etc.)
  7. Ash pH Testing Levels
  8. Summary of Peak Power Performance
  9. Summary of Safety Events (OSHA Recordable Incidents, Safety Themes, etc.)

- Boiler Gas Temperature Reports
- Training Reports
- Monthly CEMS Data for All Boilers
  1. Steam Flow (klbs/hr)
  2. Sulfur Dioxide (SO₂) Economizer Outlet (ppmc)
  3. Sulfur Dioxide (SO₂) Stack Inlet (ppm)
  4. Carbon Monoxide (CO) Stack Inlet (ppm)
  5. Nitrogen Oxides (NOₓ) Stack Inlet (ppm)
  6. Opacity (%)
  7. Fabric Filter Inlet Temperature (°F)
  8. Carbon Injection Rate (lbs/hr)
  9. Lime Flow (gal/min)

- Stack Testing Results (Annually)
- Title V Permit Documentation(Semi Annual and Annual Reports to DEQ)
- Characterization of Ash Residue Testing Documentation (TCLP Test Results)
Schedule 7

Radiation Detection Standards and Requirements

[Attached]
Schedule 8

Shortfall Fee/Rebate and Most Favored Nation Calculation Examples

The following examples illustrate the application of the Monthly Shortfall Fee, Annual Shortfall Fee Rebate and Annual Shortfall Fee (Section 4.6) and most favored nation provision (Section 4.9) in certain cases. These examples are given for illustrative purposes only and reflect a few, but not all, potential circumstances.

A. **Delivery Shortfall**. The following four examples illustrate the application of the delivery shortfall provision (Section 4.6) in certain cases. These examples are given for illustrative purposes only and reflect a few, but not all, potential circumstances.

**Delivery Shortfall Example 1 Assumptions**: For purposes of Example 1 the assumed actual tonnage delivered during a Contract Year, Minimum Monthly Tonnages, Monthly Shortfall Tonnages and Monthly Shortfall Fees are provided in Table 1 below. The assumed Base Tipping Fee is assumed to be $43.16/Ton, the Change in Law Charge is $1.50/ton from July 1 through October 31 and is assumed to increase to $2.00/ton for the remainder of the Contract Year. For this example, it is also assumed there are no deliveries to an Alternate Facility and there is no Diverted Waste.

**Table 1: Example 1 – Shortfall Payments**

<table>
<thead>
<tr>
<th>Month</th>
<th>Actual Jurisdiction Tonnage</th>
<th>Minimum Monthly Tonnage</th>
<th>Monthly Shortfall Tonnage</th>
<th>Monthly Shortfall Fee ($/Ton)</th>
<th>Change in Law (CIL) Charge ($/Ton)</th>
<th>Weighted Average Unit Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul</td>
<td>4,335.25</td>
<td>4,330.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$1.50</td>
<td>$0.00</td>
</tr>
<tr>
<td>Aug</td>
<td>4,214.31</td>
<td>4,200.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$1.50</td>
<td>$0.00</td>
</tr>
<tr>
<td>Sep</td>
<td>4,070.22</td>
<td>4,370.00</td>
<td>299.78</td>
<td>$0.00</td>
<td>$1.50</td>
<td>$1.00</td>
</tr>
<tr>
<td>Oct</td>
<td>4,800.50</td>
<td>4,170.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$1.50</td>
<td>$0.00</td>
</tr>
<tr>
<td>Nov</td>
<td>4,105.00</td>
<td>4,100.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Dec</td>
<td>3,815.56</td>
<td>3,790.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Jan</td>
<td>3,532.19</td>
<td>3,320.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Feb</td>
<td>2,613.24</td>
<td>2,610.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Mar</td>
<td>3,910.72</td>
<td>4,060.00</td>
<td>149.28</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$0.66</td>
</tr>
<tr>
<td>Apr</td>
<td>5,400.00</td>
<td>5,230.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>May</td>
<td>5,007.30</td>
<td>4,900.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Jun</td>
<td>4,958.89</td>
<td>4,920.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total</td>
<td>50,763.18</td>
<td>50,000.00</td>
<td>449.06</td>
<td>$0.00</td>
<td>$1.66</td>
<td>$1.66</td>
</tr>
</tbody>
</table>

|   | Sum of line 5 and 6          | $44.82                  $/ton |
|---|------------------------------|-------------------------|--------------------------|
|   | Annual Shortfall Fee Due the Jurisdictions | $0.00 |

1. Annual Shortfall Tonnage
2. Aggregate Monthly Shortfall Tonnage
3. Annual Shortfall Calculation
4. Sum of Monthly Shortfall Fees
5. Base Tipping Fee
6. Weighted Average Unit Change in Law Cost
7. Sum of line 5 and 6
8. Annual Shortfall Fee Due Company
9. Annual Shortfall Rebate Due the Jurisdictions

60
During this Contract Year there was a Monthly Shortfall Tonnage of 299.78 tons in September and 149.28 tons in March. Since the actual Jurisdiction tonnage in both months is greater than the 80% of the respective Minimum Monthly Tonnages, no Monthly Shortfall Fees were due.

For the Contract Year, since the difference between (A) the Minimum Annual Tonnage of 50,000 tons and (B) the sum of the aggregate Tons of Acceptable Waste delivered of 50,763.18, is a negative 763.18 tons, the Annual Shortfall Calculation is equal to zero.

Since both the sum of the Monthly Shortfall Fees and the Annual Shortfall Calculation are both zero, there are no payments due to either Party.

**Delivery Shortfall Example 2 Assumptions:** For purposes of Example 2 the assumed actual tonnage delivered during a Contract Year, Minimum Monthly Tonnage, Monthly Shortfall Tonnage and Monthly Shortfall Fees are provided in Table 2 below. The assumed Base Tipping Fee is assumed to be $43.16/ton, the Change in Law Charge is $1.50/ton from July 1 through October 31 and is assumed to increase to $2.00/ton for the remainder of the Contract Year. For this example, it is also assumed there are no deliveries to an Alternate Facility and there is no Diverted Waste.

**Table 2: Example 2 – Shortfall Payments**

<table>
<thead>
<tr>
<th>Month</th>
<th>Actual Jurisdiction Tonnage</th>
<th>Minimum Monthly Tonnage</th>
<th>Monthly Shortfall Tonnage</th>
<th>Monthly Shortfall Fee ($/Ton)</th>
<th>Change in Law ($/Ton)</th>
<th>Weighted Average Unit Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul</td>
<td>4,335.25</td>
<td>4,330.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$1.50</td>
<td>$0.00</td>
</tr>
<tr>
<td>Aug</td>
<td>4,214.31</td>
<td>4,200.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$1.50</td>
<td>$0.00</td>
</tr>
<tr>
<td>Sep</td>
<td>3,380.00</td>
<td>4,370.00</td>
<td>990.00</td>
<td>$44,213.40</td>
<td>$1.50</td>
<td>$1.30</td>
</tr>
<tr>
<td>Oct</td>
<td>4,800.50</td>
<td>4,170.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$1.50</td>
<td>$0.00</td>
</tr>
<tr>
<td>Nov</td>
<td>4,105.00</td>
<td>4,100.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Dec</td>
<td>3,815.56</td>
<td>3,790.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Jan</td>
<td>3,532.19</td>
<td>3,320.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Feb</td>
<td>2,613.24</td>
<td>2,610.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Mar</td>
<td>3,910.72</td>
<td>4,060.00</td>
<td>149.28</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$0.26</td>
</tr>
<tr>
<td>Apr</td>
<td>5,400.00</td>
<td>5,230.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>May</td>
<td>5,007.30</td>
<td>4,900.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Jun</td>
<td>4,958.89</td>
<td>4,920.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total</td>
<td>50,072.96</td>
<td>50,000.00</td>
<td>1,139.28</td>
<td>$44,213.40</td>
<td>$1.56</td>
<td>$44,213.40</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Calculation</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Shortfall Tonnage</td>
<td>0.00 tons</td>
</tr>
<tr>
<td>Aggregate Monthly Shortfall Tonnage</td>
<td>1,139.28 tons</td>
</tr>
<tr>
<td>Annual Shortfall Calculation</td>
<td>$0.00</td>
</tr>
<tr>
<td>Sum of Monthly Shortfall Fees</td>
<td>$44,213.40</td>
</tr>
<tr>
<td>Base Tipping Fee</td>
<td>$43.16 $/ton</td>
</tr>
<tr>
<td>Weighted Average Unit Change in Law Cost</td>
<td>$1.56 $/ton</td>
</tr>
<tr>
<td>Sum of line 5 and 6</td>
<td>$44.72 $/ton</td>
</tr>
<tr>
<td>Annual Shortfall Fee Due Company</td>
<td>$0.00</td>
</tr>
<tr>
<td>Annual Shortfall Rebate Due the Jurisdictions</td>
<td>$44,213.40</td>
</tr>
</tbody>
</table>
During this Contract Year there was a Monthly Shortfall Tonnage of 990.00 tons in September. Since the actual Jurisdiction tonnage of 3,380.00 tons is less 3,496.00, i.e., 80% of the 4,370.00, the Monthly Shortfall Fees due that month was ($43.16 plus $1.50) multiplied by 990.00 or $44,213.40.

During this Contract Year there was also a Monthly Shortfall Tonnage of 149.28 tons in March. Since the actual Jurisdiction tonnage of 3,910.72 tons is greater than 3,248.00, i.e., 80% of the 4,060.00 Minimum Monthly Tonnage for March, there was no Monthly Shortfall Fees due that month.

For the Contract Year the sum of the Monthly Shortfall Fees was $44,213.40 (i.e., $44,213.40 plus 0.00).

For the Contract Year, since the difference between (A) the Minimum Annual Tonnage of 50,000 tons and (B) the sum of the aggregate Tons of Acceptable Waste delivered of 50,072.96, is a negative 72.96 tons, the Annual Shortfall Calculation is equal to zero.

Since the sum of the Monthly Shortfall Fees is greater than the Annual Shortfall Calculation, the Company, in this example, will pay the Jurisdictions an Annual Shortfall Rebate in the amount of the difference between the sum of the Monthly Shortfall Fees of $43,213.40 and the Annual Shortfall Calculation of zero, or $43,213.40 as shown at the bottom of Table 2.

**Delivery Shortfall Example 3 Assumptions:** For purposes of Example 3 the assumed actual tonnage delivered during a Contract Year, Minimum Monthly Tonnage, Monthly Shortfall Tonnage and Monthly Shortfall Fees are provided in Table 3 below. The assumed Base Tipping Fee is assumed to be $43.16/ton, the Change in Law Charge is $1.50/ton from July 1 through October 31 and is assumed to increase to $2.00/ton for the remainder of the Contract Year. For this example, it is also assumed there are no deliveries to an Alternate Facility and there is no Diverted Waste.

During this Contract Year there was a Monthly Shortfall Tonnage of 499.89 tons in September and 149.28 tons in March. Since the actual Jurisdiction tonnage in both months is greater than the 80% of the respective Minimum Monthly Tonnages, no Monthly Shortfall Fees were due.

For the Contract Year, since the difference between (A) the Minimum Annual Tonnage of 50,000 tons and (B) the sum of the aggregate Tons of Acceptable Waste delivered of 49,803.07 is a positive 196.93 tons, the Annual Shortfall Calculation is equal to product of the Annual Shortfall Tonnage of 196.93 and the sum of the $43.16/ton Base Tipping Fee and the Weighted Average Unit Change in Law Cost of $1.62/ton, or 196.93 times $44.78, which equals $8,818.53.

The Weighted Average Unit Change in Law Cost is calculated as follows:

\[
\text{\$1.62/ton} = (499.89/649.17) \times 1.50 + (149.28/649.17) \times 2.00.
\]
Each of the weighted monthly Change in Law Unit Costs is rounded to the nearest penny.

Since the sum of the Monthly Shortfall Fees is less than the Annual Shortfall Calculation, the Jurisdictions, in this example, would owe the Company an Annual Shortfall Fee, in the amount of the difference between the Annual Shortfall Calculation of $8,818.53 and the sum of the Monthly Shortfall Fees of zero, or $8,818.53 as shown at the bottom of Table 3.

### Table 3: Example 3 – Shortfall Payments

<table>
<thead>
<tr>
<th>Month</th>
<th>Actual Jurisdiction Tonnage</th>
<th>Minimum Monthly Tonnage</th>
<th>Monthly Shortfall Tonnage</th>
<th>Monthly Shortfall Fee</th>
<th>Change in Law (CIL) Charge ($/Ton)</th>
<th>Weighted Average CIL Unit Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>4,335.25</td>
<td>4,330.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$1.50</td>
<td>$0.00</td>
</tr>
<tr>
<td>Feb</td>
<td>4,124.31</td>
<td>4,200.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$1.50</td>
<td>$0.00</td>
</tr>
<tr>
<td>Mar</td>
<td>3,870.11</td>
<td>4,370.00</td>
<td>499.89</td>
<td>$0.00</td>
<td>$1.50</td>
<td>$1.16</td>
</tr>
<tr>
<td>Apr</td>
<td>4,200.50</td>
<td>4,170.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$1.50</td>
<td>$0.00</td>
</tr>
<tr>
<td>May</td>
<td>4,105.00</td>
<td>4,100.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Jun</td>
<td>3,910.72</td>
<td>3,990.00</td>
<td>149.28</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total</td>
<td>49,803.07</td>
<td>50,000.00</td>
<td>649.17</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$1.62</td>
</tr>
</tbody>
</table>

1. Annual Shortfall Tonnage: 196.93 tons
2. Aggregate Monthly Shortfall Tonnage: 649.17 tons
3. Annual Shortfall Calculation: $8,818.53
4. Sum of Monthly Shortfall Fees: $0.00
5. Base Tipping Fee: $43.16/ton
6. Weighted Average Unit Change in Law Cost: $1.62/ton
7. Sum of line 5 and 6: $44.78/ton
8. Annual Shortfall Fee Due Company: $8,818.53
9. Annual Shortfall Rebate Due the Jurisdictions: $0.00

**Delivery Shortfall Example 4 Assumptions:** For purposes of Example 4 the *assumed* actual tonnage delivered during a Contract Year, Minimum Monthly Tonnage, Monthly Shortfall Tonnage and Monthly Shortfall Fees are provided in Table 4 below. The assumed Base Tipping Fee is assumed to be $43.16/ton, the Change in Law Charge is $1.50/ton from July 1 through October 31 and is assumed to increase to $2.00/ton for the remainder of the Contract Year. For this example, it is also assumed there are no deliveries to an Alternate Facility and there is no Diverted Waste.

During this Contract Year there was a Monthly Shortfall Tonnage of 990.00 tons in September. Since the actual Jurisdiction tonnage of 3,380.00 tons is less 3,496.00, i.e., 80% of the 4,370.00, the Monthly Shortfall Fees due that month was ($43.16 plus $1.50) multiplied by 990.00 or $44,213.40.
During this Contract Year there was also a Monthly Shortfall Tonnage of 149.28 tons in March. Since the actual Jurisdiction tonnage of 3,910.72 tons is greater than 3,248.00, i.e., 80% of the 4,060.00 Minimum Monthly Tonnage for March, there was no Monthly Shortfall Fee due that month.

For the Contract Year the sum of the Monthly Shortfall Fees was $44,213.40 (i.e., $44,213.40 plus 0.00).

For the Contract Year, since the difference between (A) the Minimum Annual Tonnage of 50,000 tons and (B) the sum of the aggregate Tons of Acceptable Waste delivered of 49,312.96 is a positive 687.04 tons, the Annual Shortfall Calculation is equal to product of the Annual Shortfall Tonnage of 687.04 and the sum of the $43.16/ton Base Tipping Fee and the Weighted Average Unit Change in Law Cost of $1.56/ton, or 687.04 times $44.72, which equals $30,724.43.

**Table 4: Example 4 – Shortfall Payments**

<table>
<thead>
<tr>
<th>Month</th>
<th>Actual Jurisdiction Tonnage</th>
<th>Minimum Monthly Tonnage</th>
<th>Monthly Shortfall Tonnage</th>
<th>Change in Law Cost (CIL) Charge ($/Ton)</th>
<th>Weighted Average Unit Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul</td>
<td>4,335.25</td>
<td>4,330.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$1.50</td>
</tr>
<tr>
<td>Aug</td>
<td>4,214.31</td>
<td>4,200.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$1.50</td>
</tr>
<tr>
<td>Sep</td>
<td>3,380.00</td>
<td>4,370.00</td>
<td>990.00</td>
<td>$44,213.40</td>
<td>$1.30</td>
</tr>
<tr>
<td>Oct</td>
<td>4,200.50</td>
<td>4,170.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Nov</td>
<td>4,105.00</td>
<td>4,100.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Dec</td>
<td>3,815.56</td>
<td>3,790.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$1.50</td>
</tr>
<tr>
<td>Jan</td>
<td>3,532.19</td>
<td>3,320.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Feb</td>
<td>2,613.24</td>
<td>2,610.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Mar</td>
<td>3,910.72</td>
<td>4,060.00</td>
<td>149.28</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Apr</td>
<td>5,240.00</td>
<td>5,230.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>May</td>
<td>5,007.30</td>
<td>4,900.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Jun</td>
<td>4,958.89</td>
<td>4,920.00</td>
<td>0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total</td>
<td>49,312.96</td>
<td>50,000.00</td>
<td>1,139.28</td>
<td>$44,213.40</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

The Weighted Average Unit Change in Law Cost is calculated as follows:

$$1.56/\text{ton} = (990/1,139.28) \times 1.50 + (149.28/1,139.28) \times 2.00.$$
Each of the weighted monthly Change in Law Unit Costs is rounded to the nearest penny. Since the sum of the Monthly Shortfall Fees is greater than the Annual Shortfall Calculation, the Company, in this example, would owe the Jurisdictions an Annual Shortfall Rebate in the amount of the difference between the sum of the Monthly Shortfall Fees of $44,213.40 and the Annual Shortfall Calculation of $30,724.43, or $13,488.97 as shown at the bottom of Table 4.

B. **Most Favored Nation.** The following examples illustrate the application of the most favored nation provision (Section 4.9) in certain cases. These examples are given for illustrative purposes only and reflect a few, but not all, potential circumstances.

**Assumption:** Assume for purposes of the following examples that the Jurisdiction Tipping Fee is $47.50 in Contract Year and the Jurisdictions deliver 65,000 Tons.

(1) **One Government Hauler.**

If in Contract Year X, the Company enters into an agreement with a governmental agency or unit, i.e., Government “A” for disposal of its Acceptable Waste at the Facility. The agreement has a term of two (2) years whereby the beginning of the second year occurs on July 1 of Contract Year X and has a MFN Tipping Fee of $45.00. Government “A” delivers 12,500 Tons in Billing Year X.

Since Government “A” MFN Tipping Fee ($45.00) is less than the Jurisdiction Tipping Fee ($47.50), the Jurisdictions will receive a rebate from the Company of:

(a) $47.50 - $45.00 = $2.50

(b) Lesser of (x) 12,500 Tons or (y) 65,000 Tons = 12,500 Tons.

(c) $2.50 x 12,500 Tons = $31,250 MFN Refund from the Company to the Jurisdictions

(2) **Multiple Government Haulers.**

If in Contract Year X, the Company enters into agreements with four governmental agencies or units. Government “C” is a new customer starting at the beginning of Contract Year X and all the other government agencies or units had cumulative terms of at least 12 months prior to Contract Year X:

<table>
<thead>
<tr>
<th>Government Authority Name</th>
<th>Net Per Ton Tip Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government “A”</td>
<td>$55.00</td>
</tr>
<tr>
<td>Government “B”</td>
<td>$45.00</td>
</tr>
<tr>
<td>Government “C”</td>
<td>$30.00</td>
</tr>
<tr>
<td>Government “D”</td>
<td>$35.00</td>
</tr>
</tbody>
</table>
During Billing Year X, the following are the tonnage amounts of Acceptable Waste delivered to the Facility by the Government Haulers:

<table>
<thead>
<tr>
<th>Government Hauler Name</th>
<th>Tonnage Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government &quot;A&quot;</td>
<td>10,000</td>
</tr>
<tr>
<td>Government &quot;B&quot;</td>
<td>3,500</td>
</tr>
<tr>
<td>Government &quot;C&quot;</td>
<td>2,000</td>
</tr>
<tr>
<td>Government &quot;D&quot;</td>
<td>9,000</td>
</tr>
</tbody>
</table>

Since Government "A" MFN Tipping Fee is higher than the Jurisdiction Tipping Fee and the agreement with Government "C" was not in effect for 12 cumulative months, both agreements are disregarded for purposes of calculating the MFN Refund in accordance with Section 4.9 of the Agreement.

Since the MFN Tipping Fee for Government "B" ($45.00) and Government "D" ($35.00) are less than the Jurisdiction Tipping Fee ($47.50), the Jurisdictions will receive a rebate from the Company based on the following calculation:

(a) **Begin with lowest MFN Tipping Fee (Government “D”):**

(1) $47.50 - $35.00 = $12.50

(2) Lesser of (x) 9,000 Tons or (y) 65,000 Tons = 9,000 Tons

(3) $12.50 x 9,000 Tons = $112,500.00 MFN Refund from the Company to the Jurisdictions in Contract Year X

(b) **Move to next lowest (penultimate) MFN Tipping Fee (Government “B”):**

(1) $47.50 - $45.00 = $2.50

(2) Lesser of (x) 3,500 Tons or (y) (65,000–9,000) Tons = 3,500 Tons

(3) $2.50 x 3,500 Tons = $8,750.00 rebate from the Company to the Jurisdictions in Contract Year X

(c) **Total MFN Refund:**

The Jurisdictions total MFN Refund for Contract Year X is $121,250 ($112,500.00 + $8,750.00)
EXHIBIT A

Amendment to Site Lease

[Attached]
EXHIBIT B

Amendment to Operating Lease

[Attached]
EXHIBIT C-1

Hauler Rules and Regulations

[Attached]
EXHIBIT C-2

Vehicle Identification Procedure

HAULER IDENTIFICATION

A. Each hauler shall properly display and comply with their respective jurisdiction rules regarding truck and equipment identification and permitting. Vehicle and container ID shall be made visible to the scale house operator by placing permit identification on both sides of the vehicle.
EXHIBIT C-3

Resident Area Rules and Regulations

The current rules and regulations applicable to the City Residents’ Receiving Area are as follows:

| HOURS            | MONDAY – FRIDAY: 6 AM – 5:30 PM  
SATURDAY: 6 AM – 11:30 AM  
CLOSED SUNDAYS & HOLIDAYS |
|------------------|----------------------------------|
| CHECK-IN         | CHECK IN WITH SCALE ATTENDANT FIRST  
RESIDENTS MUST DRIVE ONTO THE SCALE AT THE SCALEHOUSE  
PROVIDE PROOF OF RESIDENCY (I.E., DRIVERS LICENSE, CAR REGISTRATION, ETC.) AND  
ALLOW INSPECTION OF WASTE BEFORE OFFLOADING  
FOLLOW INSTRUCTION OF SCALE HOUSE ATTENDANT AT ALL TIMES |
| LIMITS           | MAXIMUM OF 500 LBS. PER WEEK PER RESIDENT  
IF MORE THAN 500 LBS. ARE DELIVERED IN THE WEEK, THE RESIDENT WILL BE CHARGED THE GATE RATE |
| MIXED LOADS      | LOADS CONTAINING ANY UNACCEPTABLE WASTE MIXED WITH ACCEPTABLE WASTE WILL BE REJECTED.  
ONLY ACCEPTABLE WASTE WILL BE ACCEPTED. |
| SCAVENGING       | ABSOLUTELY NO SCAVENGING IS PERMITTED.  
NOTHING MAY BE REMOVED FROM THE DUMPSTER OR TIPPING FLOOR |
| CONTRACTORS      | CONTRACTORS OR BUSINESS OWNERS CAN NOT USE THE RESIDENTIAL DUMPSTER FOR BUSINESS USE. |

The Resident Area Rules and Regulations may be amended or modified by the Company only pursuant to Section 3.6 of the Waste Disposal and Service Agreement.
EXHIBIT D

Guaranty

THIS GUARANTY made as of the ___ day of January, 2012, COVANTA HOLDING CORPORATION, a Delaware corporation ("Guarantor"), having its principal place of business in Morristown, New Jersey, to and for the benefit of the CITY OF ALEXANDRIA, VIRGINIA (the "City") and ARLINGTON COUNTY, VIRGINIA (the "County", and together with the City, the "Jurisdictions"). Guarantor and the Jurisdictions are referred to herein individually as a "Party" and collectively as the "Parties."

WHEREAS, the Jurisdictions contracted with Covanta Alexandria/Arlington, Inc. ("Company"), a wholly owned subsidiary of the Guarantor, for Solid Waste disposal and Processing services at the waste-to-energy facility located in Alexandria, Virginia (the "Project"), pursuant to that certain Waste Disposal and Service Agreement, dated as of January __, 2012 (as amended, supplemented or otherwise modified from time to time) (the "Service Agreement");

WHEREAS, the Jurisdictions are willing to enter into the Service Agreement only upon the condition that Guarantor execute this agreement;

WHEREAS, the Guarantor has agreed to guarantee payment and performance of the Company’s covenants, agreements and obligations under the Service Agreement and any amendment(s) thereto; and

WHEREAS, the Guarantor will benefit from the transactions contemplated by the Service Agreement.

NOW, THEREFORE, in consideration of the foregoing and for valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Guarantor for the purpose of inducing the Jurisdictions to enter into the Service Agreement, the Guarantor hereby makes the following guarantees to and agreements with the Jurisdictions:

Section 1. Definitions. Capitalized terms not otherwise defined herein shall have the meanings assigned them in the Service Agreement.

Section 2. Guaranty. Beginning on the Effective Date, Guarantor absolutely, irrevocably and unconditionally guarantees to the Jurisdictions: (a) the due and punctual payment of (i) each payment required to be made by Company under the Service Agreement, when and as due, including payments in respect of reimbursement of disbursements and interest thereon and (ii) all other monetary obligations of the Company under the Service Agreement, including without limitation all indemnities, fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, whether such obligations now exist or arise hereafter (all such obligations referred to in this clause (a) being collectively referred to as the "Monetary Obligations"); and (b) the due and punctual performance and observance of, and compliance
with, all covenants, agreements and obligations of the Company under or pursuant to the Service
Agreement, or any other agreement or instrument entered into by the Company in connection
with the Service Agreement, whether such obligations now exist or arise hereafter (all such
obligations referred to in the preceding clauses (a) and (b) being collectively referred to as the
"Obligations"). Guarantor agrees that the Obligations may be extended, amended, modified or
renewed, in whole or in part, without notice to or further assent of Guarantor, and that of
Guarantor will remain bound by and will honor its guarantee hereunder notwithstanding any
extension, amendment, modification or renewal of any Obligation by any Jurisdiction and the
Company. This Guaranty shall remain in full force and effect until expiration of the Service
Agreement.

Section 3. Obligations Not Waived. To the fullest extent permitted by Applicable
Law, Guarantor waives all notices whatsoever with respect to this Guaranty and the Service
Agreement or with respect to the Obligations, including presentment to, demand of payment
from and protest to the Company of any of the Obligations, and notice of acceptance of its
guarantee and notice of protest for nonpayment. To the fullest extent permitted by Applicable
Law, the Obligations of Guarantor hereunder shall not be affected by (a) the failure of any
Jurisdiction to assert any claim or demand or to enforce or exercise any right or remedy against
the Company in respect of the Obligations or otherwise under the provisions of the Service
Agreement, or otherwise, or, in each case, any delay in connection therewith, or (b) any
rescission, waiver, amendment or modification of, or any release from any of the terms or
provisions of the Service Agreement, or any other agreement to which the Company is a party.

Section 4. Continuing Guaranty of Payment and Performance. Guarantor further
agrees that its guaranty constitutes a continuing guaranty of payment and performance when due,
and not of collection, and Guarantor further waives any right to require that any resort be had by
any Jurisdiction to any security.

Section 5. No Discharge or Diminishment of Guaranty.

(a) The obligations of Guarantor hereunder shall not be subject to any
reduction, limitation, impairment or termination, or be subject to any defense or setoff,
counterclaim, recoupment or termination whatsoever, or otherwise be affected, for any reason
(other than the performance in full of all Obligations, including the indefeasible payment in full
of all Monetary Obligations, or the termination of all the Obligations), including: any claim of
waiver, release, surrender, alteration or compromise of any of the Obligations; the invalidity,
illegality or unenforceability of the Obligations; the occurrence or continuance of any event of
bankruptcy, reorganization, insolvency, receivership or other similar proceeding with respect to
the Company or any other person (for purposes hereof, "person" means any individual,
partnership, limited liability company, joint venture, corporation, trust, unincorporated
organization or Governmental Authority), or the dissolution, liquidation or winding up of the
Company or any other person; any permitted assignment or other transfer of this Guaranty by
any Jurisdiction or any permitted assignment or other transfer of the Service Agreement; any
sale, transfer or other disposition by Guarantor of any direct or indirect interest it may have in the
Company or any other change in ownership or control of the Company; or the absence of any
notice to, or knowledge on behalf of, Guarantor of the existence or occurrence of any of the matters or events set forth in the foregoing clauses.

(b) Without limiting the generality of the foregoing, the Obligations of Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Jurisdictions to assert any claim or demand or to enforce any remedy under the Service Agreement, by any waiver or modification of any provision thereof, by any default, failure or delay, willful or otherwise, in the performance of the Obligations, or by any other act or omission that may or might in any manner or to any extent vary the risk of Guarantor or that would otherwise operate as a discharge of Guarantor as a matter of law or equity (other than the performance in full of all Obligations, including the indefeasible payment in full in cash of all Monetary Obligations, or the termination of all the Obligations).

Section 6. **Defenses Waived.** A Jurisdiction may compromise or adjust any part of the Obligations, make any other accommodation with the Company or exercise any other right or remedy available to it against the Company, without affecting or impairing in any way the liability of Guarantor hereunder except to the extent all the Obligations have been fully and finally performed, including the indefeasible payment in full of all Monetary Obligations, or terminated. To the fullest extent permitted by Applicable Law, Guarantor waives any defense arising out of any such Jurisdiction’s election even though such election operates, pursuant to Applicable Law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of Guarantor against the Company or any security. Guarantor waives all defenses to which it may be entitled under Applicable Law as in effect or construed from time to time.

Section 7. **Representations and Warranties of Guarantor.** Guarantor represents and warrants to the Jurisdictions as follows:

(a) **Organization.** Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as is now being conducted.

(b) **Authority Relative to this Guaranty.** Guarantor has all necessary corporate power and authority to execute and deliver this Guaranty and to perform its obligations hereunder. The execution and delivery by Guarantor of this Guaranty and performance by Guarantor of its obligations hereunder have been duly and validly authorized by and on behalf of the Guarantor and no other corporate proceedings on the part of Guarantor are necessary to authorize this Guaranty or performance by Guarantor of its obligations hereunder. This Guaranty has been duly and validly executed and delivered by Guarantor and constitutes a valid and binding agreement of Guarantor, enforceable against Guarantor in accordance with its terms.

(c) **Consents and Approvals; No Violation.**

(i) Neither the execution and delivery of this Guaranty by Guarantor nor performance by Guarantor of its obligations hereunder will (x) conflict with or result in any
breach of any provision of the organizational or governing documents or instruments of Guarantor, (y) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement, lease or other instrument or obligation to which Guarantor or any of its subsidiaries is a party or by which any of their respective assets may be bound or (z) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Guarantor, or any of its assets, except in the case of clauses (y) and (z) for such failures to obtain a necessary consent, defaults and violations which would not, individually or in the aggregate, have a material adverse effect on the ability of Guarantor to discharge its obligations under this Guaranty (a “Guarantor Material Adverse Effect”).

(ii) No declaration, filing or registration with, or notice to, or authorization, consent or approval of any Governmental Authority is necessary for performance by Guarantor of its obligations hereunder, other than such declarations, filings, registrations, notices, authorizations, consents or approvals which, if not obtained or made would not, individually or in the aggregate, have a Guarantor Material Adverse Effect.

Section 8. Agreement to Perform and Pay Subordination. In furtherance of the foregoing and not in limitation of any other right that any Jurisdiction has at law or in equity against Guarantor by virtue hereof, upon the failure of the Company, to perform or pay any Obligation when and as the same shall become due, Guarantor hereby promises to and will forthwith, as the case may be, (a) perform, or cause to be performed, such unperformed Obligations and (b) pay, or cause to be paid, to the Jurisdictions the amount of such unpaid Monetary Obligations. Upon payment by Guarantor of any sums to the Jurisdictions as provided above, all rights of Guarantor against the Company, arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full of all the Monetary Obligations. If any amount shall erroneously be paid to Guarantor on account of (i) such subrogation, contribution, reimbursement, indemnity or similar right or (ii) any such indebtedness of the Company, such amount shall be held in trust for the benefit of the Jurisdictions and shall forthwith be paid to the Jurisdictions to be credited against the payment of the Monetary Obligations or performance in accordance with the terms of the Service Agreement.

Section 9. Information. Guarantor assumes all responsibility for being and keeping itself informed of the Company’s financial condition and assets, and of all other circumstances bearing upon the risk of nonperformance of the Obligations (including the nonpayment of Monetary Obligations) and the nature, scope and extent of the risks that Guarantor assumes and incurs hereunder, and agrees that the Jurisdictions do not have any duty to advise Guarantor of information known to it regarding such circumstances or risks.

Section 10. Termination and Reinstatement. This Guaranty shall be effective as of the Effective Date (a) shall terminate when all the Obligations have been (i) performed in full, including the indefeasible payment in full of the Monetary Obligations or (ii) terminated and (b) shall continue to be effective or be reinstated, as the case may be, if at any time any payment, or
any part thereof, of any Obligation is rescinded or must otherwise be restored by the Jurisdictions upon the bankruptcy or reorganization of the Company or Guarantor or for any other reason.

Section 11. Assignment; No Third Party Beneficiaries. This Guaranty and all of the provisions hereunder shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, and nothing herein express or implied will give or be construed to give any entity any legal or equitable rights hereunder. Neither this Guaranty nor any of the rights, interests and obligations hereunder shall be assigned by Guarantor, including by operation of law, without the prior written consent of the Jurisdictions; provided, however, that no assignment or transfer of rights or obligations by Guarantor shall relieve it from the full liabilities and the full financial responsibility, as provided for under this Guaranty, unless and until the transferee or assignee shall agree in writing to assume such obligations and duties and the Jurisdictions have consented in writing to such assumption.

Section 12. Amendment and Modification, Extension; Waiver. This Guaranty may be amended, modified or supplemented only by an instrument in writing signed on behalf of each of the Parties. Any agreement on the part of a Party to any extension or waiver in respect of this Guaranty shall be valid only if set forth in an instrument in writing signed on behalf of such Party. The failure of a Party to this Guaranty to assert any of its rights under this Guaranty or otherwise shall not constitute a waiver of such rights.

Section 13. Governing Law. It is the express intention of the Parties that all legal actions and proceedings related to this Guaranty or to any rights or any relationship between the Parties arising therefrom shall be solely and exclusively initiated and maintained in the courts of the Commonwealth of Virginia and the laws of the Commonwealth of Virginia shall govern the validity, interpretation, construction and performance of this Guaranty, excluding any conflict-of-law rules which would direct the application of the law of another jurisdiction.

Section 14. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given (as of the time of delivery or, in the case of a facsimile communication, of the times of confirmation) if delivered personally, sent by overnight courier (providing proof of delivery) or electronic mail (with follow up copy sent by any of the aforesaid means) to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice):

If to the City:

City of Alexandria, Virginia
City Hall
301 King Street
Alexandria, Virginia 22313
Attention: City Manager
Email: rashad.young@alexandriava.gov
With a copy to (which shall not constitute notice):

City of Alexandria, Virginia
City Hall
301 King Street
Alexandria, Virginia 22313
Attention: Director of Transportation and Environmental Services
Email: rich.baier@alexandriava.gov

With a copy to (which shall not constitute notice):

City of Alexandria, Virginia
City Hall
301 King Street
Alexandria, Virginia 22313
Attention: City Attorney
Email: james.banks@alexandriava.gov

If to the County:

Arlington County, Virginia
2100 Clarendon Boulevard
Arlington, Virginia 22201
Attention: Director, Department of Environmental Services
Email: des@arlingtonva.us

With a copy to (which shall not constitute notice):

Arlington County, Virginia
2100 Clarendon Boulevard
Arlington, Virginia 22201
Attention: County Manager
Email: countymanager@arlingtonva.us

With a copy to (which shall not constitute notice):

Arlington County, Virginia
2100 Clarendon Boulevard, Ste 403
Arlington, Virginia 22201
Attention: County Attorney
Email: cao@arlingtonva.us

77
Section 15. Jurisdiction and Enforcement.

(a) Each of the Parties irrevocably submits to the exclusive jurisdiction of (i) the United States District Court for the Eastern District of Virginia, Alexandria Division, or (ii) any other Virginia court sitting in Alexandria, Virginia or Arlington, Virginia for the purposes of any suit, action or other proceeding arising out of this Guaranty or any transaction contemplated hereby. Each of the Parties agrees to commence any action, suit or proceeding relating hereto either in the United States District Court for the Eastern District of Virginia, Alexandria Division. Each of the Parties further agrees that service of process, summons, notice or document by hand delivery or U.S. registered mail at the address specified for such Party in Section 14 (or such other address specified by such Party from time to time pursuant to Section 14) shall be effective service of process for any action, suit or proceeding brought against such Party in any such court. Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Guaranty or the transactions contemplated hereby in (i) the United States District Court for the Eastern District of Virginia, Alexandria Division or (ii) any other Virginia court sitting in Alexandria, Virginia or Arlington, Virginia and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Parties agree that irreparable damage would occur in the event that any of the provisions of this Guaranty were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled equitable relief, including without limitation, an injunction or injunctions to prevent breaches of this Guaranty and to specifically enforce the terms and provisions of this Guaranty, this being in addition to any other remedy to which they are justly entitled to, whether at law or in equity.

Section 16. Survival of Guaranty. All covenants, agreements, representations and warranties made by Guarantor herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Guaranty shall be considered to have been relied upon by the Jurisdictions and shall unconditionally survive the consummation of the transactions contemplated by the Service Agreement, regardless of any investigation made by the Jurisdictions or on their behalf, and shall continue in full force and effect as long as any Obligations remain outstanding.

Section 17. Effectiveness; Counterparts. This Guaranty shall become effective when executed by Guarantor. This Guaranty may be executed in two counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument.
Section 18. **Rules of Interpretation.** The rules of interpretation specified in Section 1.2 of the Service Agreement shall be applicable to this Guaranty.

Section 19. **Severability.**

(a) If any term or other provision of this Guaranty is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Guaranty shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Guaranty so as to effect the original intent of the Parties as closely as possible to the fullest extent permitted by Applicable Law, in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

(b) In the event that the provisions of this Guaranty are claimed or held to be inconsistent with any other agreement or instrument evidencing the Obligations, the terms of this Guaranty shall remain fully valid and effective.

Section 20. **Entire Guaranty.** This Guaranty embodies the entire agreement and understanding of the Parties in respect of the matters contemplated hereby. There are no restrictions, promises, representations, warranties, covenants or undertakings other than those expressly set forth or referred to herein. This Guaranty supersedes all prior agreements and understandings between the Parties with respect to the matters contemplated hereby.

[Signature Page Follows]
IN WITNESS WHEREOF, this Guaranty has been duly executed and delivered by the Guarantor as of the date first above written.

COVANTA HOLDING COMPANY

By: ____________________________
   Name:
   Title:
Exhibit E

Form of Confidentiality Agreement

THIS CONFIDENTIALITY AGREEMENT (this "Agreement") is made as of ____________, 20__, by and between Covanta Alexandria/Arlington, Inc., a Virginia corporation ("Covanta"), and ____________, a ____________ ("Recipient").

WHEREAS, Covanta has technical, business, financial and/or other information which it is prepared to disclose to Recipient, in reliance upon and subject to the terms and conditions of this Agreement, for the purpose of preparing reports and other materials for, and on behalf of, the Jurisdictions (as defined below) (the "Purpose"); and

WHEREAS, this Agreement is being entered into pursuant to the Waste Disposal and Service Agreement dated as of January ___, 2012 among Covanta and the City of Alexandria, Virginia and the County of Arlington, Virginia (collectively, the "Jurisdictions").

NOW THEREFORE, in consideration of the mutual agreements of the parties, the parties agree as follows:

1. For purposes of this Agreement, "Confidential Information" means any written information supplied by Covanta, any of its affiliates or any of their agents or representatives to Recipient relating to the business of Covanta or affiliated entities and which has been expressly or implicitly protected from unrestricted use by persons not associated with Covanta or such affiliated entities and includes, but is not limited to, operating data, facility design drawings and information, customer lists, business plans, projections, research, financial data or information, marketing materials, and information pertaining to any of the foregoing; provided, however, that "Confidential Information" shall not include information that:

   (i) at the time of disclosure or thereafter is generally known or available to the public (other than as a result of a disclosure by Recipient in breach hereof);

   (ii) was available to Recipient on a non-confidential basis prior to its disclosure to Recipient by Covanta;

   (iii) becomes available to Recipient on a non-confidential basis from a source other than Covanta who Recipient believes is not bound by a confidentiality agreement with respect to such information; or

   (iv) has been independently acquired or developed by Recipient without breaching any of its obligations under this Agreement.

All information which is identified or marked "confidential" or "proprietary" shall be presumed to be Confidential Information; provided that, the failure of any information to be so identified or marked shall not create a presumption that such information is not Confidential Information.
2. Recipient recognizes that Covanta and its affiliates have developed and acquired valuable Confidential Information as defined above. Recipient acknowledges that Covanta may suffer irreparable harm if Recipient or its agents or representatives, after having access to any Confidential Information, make any unauthorized disclosures or communication of any Confidential Information wrongfully or in competition with Covanta.

3. Recipient acknowledges and agrees that, subject to Section 4 below:

(a) Recipient will treat as confidential all Confidential Information which may be made or become available to Recipient or any personnel, affiliates or related entities of Recipient in connection with any review conducted by any of them;

(b) Recipient will limit access to the Confidential Information to those personnel, affiliates or related entities of Recipient to whom it is necessary to disclose the Confidential Information in furtherance of the Purpose;

(c) Recipient will prevent disclosure of any Confidential Information by any personnel, affiliates or related entities of Recipient to unauthorized parties and assume liability for any breach of this Confidentiality Agreement, or for any other unauthorized disclosure or use of Confidential Information, by it or any of its personnel, affiliates or related entities; and

(d) Recipient and its personnel, affiliates and related entities will not use any Confidential Information in any way other than in connection with the Purpose.

In addition, except in connection with the Purpose or as required by law, rule, regulation, judicial or administrative process, or in accordance with applicable professional standards or rules, Covanta and Recipient will not, and will not direct such personnel, affiliates and related entities to, without the prior written consent from the other party, disclose to any person either the fact that discussions or negotiations are taking place concerning the Confidential Information or any of the terms, conditions or other facts, including the status thereof. Notwithstanding anything herein contained to the contrary, in connection with the Purpose, Recipient may disclose Confidential Information to the Jurisdictions as Recipient deems necessary in order for Recipient to provide its services to the Jurisdictions and Recipient will not be responsible for the disclosure, use or other treatment of such Confidential Information by the Jurisdictions; provided, Recipient shall not provide copies or written summaries to the Jurisdictions of Confidential Information without Covanta’s consent, which shall not be unreasonably withheld.

4. In the event that Recipient or anyone to whom Recipient transmits Confidential Information pursuant to this Agreement become required to disclose Confidential Information by law, rule, regulation, judicial or administrative process, or in accordance with applicable professional standards or rules, to the extent not prohibited by applicable law or regulation, Recipient will provide Covanta with prompt written notice thereof so that Covanta may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained, or that Covanta waives compliance with the provisions of this Agreement, Recipient may disclose Confidential
Information, but only that portion of the Confidential information which Recipient is advised by counsel is required. In addition, Confidential Information is disclosed by Recipient in connection with any litigation or arbitration involving Recipient, the Jurisdictions or Covanta relating to this Agreement or the Purpose.

5. Upon the written request of Covanta at any time, Recipient shall promptly redeliver to Covanta all written Confidential Information (whether prepared by Covanta, its personnel, affiliates and related entities or otherwise) and will not retain any copies, extracts or other reproductions in whole or in part of such written material. All documents, memoranda, notes and other writings whatsoever prepared by Recipient or its personnel, affiliates, or related entities based on the information in the Confidential Information shall be destroyed, and such destruction shall be confirmed in writing to Covanta by an authorized representative supervising such destruction. Notwithstanding any foregoing provision to the contrary, Recipient may (a) if it so elects, retain one copy of the Confidential Information for archival purposes (it being understood that any Confidential Information so retained shall be subject to the terms of this Agreement), and (b) disclose Confidential Information in any report(s) being prepared in connection with the Purpose.

6. This Agreement shall be binding upon and inure to the benefit of the parties, their respective successors and permitted assigns. This Agreement may not be assigned by Recipient without the express prior written consent of Covanta.

7. The parties agree that Covanta may not have an adequate remedy at law for any breach or nonperformance of the terms of this Agreement by Recipient and that this Agreement, therefore, may be enforced in equity by seeking specific performance or a seeking temporary restraining order and/or injunction. Covanta’s right to such equitable remedies shall be in addition to all other rights and remedies which Covanta may have hereunder or under applicable law.

8. No modification or waiver of any of the provisions hereof, or any representation, promise or addition hereto, or waiver of any breach hereof, will be binding upon either party unless made in writing and signed by the party to be charged thereby. No waiver of any particular breach will be deemed to apply to any other breach, whether prior or subsequent to a waiver.

9. This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia, without regard to principles of conflicts of laws.

10. The term of this Agreement and the obligations set forth herein with respect to Confidential Information shall be five (5) years from the date hereof; provided, however, as between the parties, that patent, pending patent, proprietary, license, and other rights of Covanta to said Confidential Information shall in any event remain the property of Covanta.

[Signature Page Follows]
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in the manner appropriate to each as of the date first above written.

COVANTA ALEXANDRIA/ARLINGTON, INC.

By: ______________________
Name: ____________________
Title: _____________________

[_______________________]

By: ______________________
Name: ____________________
Title: _____________________
AMENDMENT NO. 2
TO
AMENDED AND RESTATED FACILITY SITE LEASE

THIS AMENDMENT NO. 2 TO AMENDED AND RESTATED FACILITY SITE LEASE is dated as of January __, 2012 (this “Amendment No. 2”), by and among the CITY OF ALEXANDRIA, VIRGINIA and ARLINGTON COUNTY, VIRGINIA, each a body politic and corporate of the Commonwealth of Virginia (collectively, the “Landlords”), and COVANTA ALEXANDRIA/ARLINGTON, INC., a Virginia corporation (the “Tenant”), and amends that certain Amended and Restated Facility Site Lease dated as of October 1, 1985, as amended by Amendment No. 1 to Amended and Restated Facility Site Lease dated as of July 1, 1998 (as previously amended, the “Facility Site Lease”). Except as otherwise expressly defined in this Amendment No. 2, capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Facility Site Lease.

WHEREAS, on February 28, 2008, the Arlington County Solid Waste Authority and the City of Alexandria, Virginia Sanitation Authority (collectively, the “Authorities”) assigned the Facility Site Lease to Tenant in accordance with the Assignment and Assumption Agreement dated as of February 28, 2008, among the Authorities and Tenant;

WHEREAS, the Facility Site Lease provides for lease of the Facility Site to Tenant in accordance with the terms and conditions provided for therein;

WHEREAS, in anticipation of the expiration on January 1, 2013, of the Amended and Restated Facility Construction and Operation Agreement dated October 1, 1985, as amended, by and among the Landlords, the Authorities and Tenant, the Landlords and Tenant desire to enter into that certain Waste Disposal and Service Agreement dated of even date herewith (the “Service Agreement”), pursuant to which Tenant will continue to accept, process and dispose of the Landlords’ solid waste at the Facility, in accordance with the terms and conditions stated in the Service Agreement; and

WHEREAS, as a condition precedent to the execution and delivery of the Service Agreement, the Landlords and Tenant desire to enter into this Amendment No. 2 to amend certain terms and conditions of the Facility Site Lease to be effective on the Effective Date (as that term is defined in the Service Agreement).

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are acknowledged, the Landlords and Tenant agree as follows:

1. Effectiveness. This Amendment No. 2 is contingent upon the execution and delivery of the Service Agreement by the Landlords and Tenant and, following such occurrences, shall become effective on the Effective Date (as such term is defined in the Service Agreement). In the event that the Service Agreement is not executed and delivered by all the parties thereto on or prior to February __, 2012, this Amendment No. 2 shall automatically terminate and be of no further force and effect.
2. Amendments to the Facility Site Lease.

(a) Section 1.2 of the Facility Site Lease is deleted in its entirety and the following is substituted in lieu thereof:

"Section 1.2. Term of Lease.

(a) The term of this Lease (the "Term") is from October 1, 1985 (the "Lease Commencement Date") until October 1, 2025, or any earlier date on which this Lease is terminated in accordance with its terms; provided, however, if prior to October 1, 2025, the Landlords, in their sole discretion, exercise their Extension Option in accordance with Section 2.3(c) thereof and the Facility Agreement is extended until December 31, 2038, then the Term of this Lease shall be automatically extended until December 31, 2038; provided further, however, if, at any time prior to October 1, 2025,

(1) the Facility Agreement is terminated as a result of an Event of Default of the Company under Section 10.3 of the Facility Agreement; or

(2) the Company fails to accept and Process Acceptable Waste at the Facility delivered by or on behalf of the Jurisdictions (each, a "Performance Event of Default") and such failure constitutes:

(i) an Event of Default under Section 10.3(b) of the Facility Agreement, taking into account applicable cure periods; provided, that the Jurisdictions have given the Company written notice after the occurrence of the Event of Default that such Event of Default will entitle them to terminate the Extension Option under this Section 1.2(a)(2) and such Event of Default is not fully cured within the period commencing on the date of such written notice and ending six (6) months later (or such earlier time during the 6-month period if the Company is not diligently or continuously pursuing such cure); or

(ii) an Event of Default under Section 10.3(f) of the Facility Agreement.

(3) the Company fails to pay any amounts due and payable to the Jurisdictions (each, a "Payment Event of Default") and such failure constitutes:

(i) an Event of Default under Section 10.3(a) of the Facility Agreement, taking into account applicable cure periods, provided, that the Jurisdictions have given the Company written
notice after the occurrence of the Event of Default that such Event of Default will entitle them to terminate the Extension Option pursuant to this Section 1.2(a) and such Event of Default is not fully cured within a thirty (30) day period following the date of such written notice; or

(ii) an Event of Default under Section 10.3(f) of the Facility Agreement.

then the Jurisdictions may, upon written notice to the Company, terminate their Extension Option, in which case the Term of this Lease shall expire on October 1, 2025 notwithstanding the Jurisdictions’ earlier election of the Extension Option. For purposes of clarity, following the occurrence of an Event of Default (taking into account applicable cure period(s), if any, under Section 10.3 of the Facility Agreement) under Sections 1.2(a)(2)(i), (2)(ii), (3)(i), or (3)(ii) and expiration of the cure period described in such section(s), if applicable, the Company shall have no additional cure period and the Jurisdictions may exercise their right to terminate the Extension Option at any time.

(b) Notwithstanding any other termination provisions contained in this Lease, the Term shall terminate upon the termination of the Facility Agreement by Tenant in accordance with Section 10.6(c) of the Facility Agreement.”

(b) The first sentence of the second paragraph of Section 1.3 of the Facility Site Lease is deleted in its entirety and the following is substituted in lieu thereof:

“The Adjustment Dates are January 1, 1985; January 1, 1990; January 1, 1995; January 1, 2000; January 1, 2005; January 1, 2010; January 1, 2015; January 1, 2026; January 1, 2031; and January 1, 2036.”

(c) Section 1.5 of the Facility Site Lease is deleted in its entirety and the following is substituted in lieu thereof:

“Section 1.5 Surrender of Facility Site. On or before the last day of the Term, Tenant shall peaceably and quietly leave, surrender, and yield up to Landlords the Facility Site and the Improvements, free and clear of any claim, lien, option, charge or encumbrance of any nature whatsoever, in good order and condition, reasonable wear and tear of the Improvements excepted.”

(d) The first sentence of Section 3.6 of the Facility Site Lease is deleted in its entirety and the following is substituted in lieu thereof:

“Tenant shall neither create or place, nor permit any third party to create or place, any lien or encumbrance of any kind upon the interest of Landlords in the Facility Site and any attempt or actual placement shall be null and void at
(e) A new subsection (d) is hereby added to Section 9.1 of the Facility Site Lease and shall read in its entirety as follows:

“(d) At anytime on or after October 1, 2025 (if the Facility Agreement is extended until December 31, 2038 in accordance with Section 2.3(e) of the Facility Agreement), there is an Event of Default on the part of the Company under and as defined in the Facility Agreement to (1) accept and Process Acceptable Waste delivered by or on behalf of the Jurisdictions at the Facility or (2) pay any amounts due and payable to the Jurisdictions, or both, in each case, in accordance with, and as required by, the Facility Agreement that is not cured within the applicable cure period specified in Section 10.3 of the Facility Agreement.”

(f) A new subsection (e) is hereby added to Section 9.1 of the Facility Site Lease and shall read in its entirety as follows:

“(e) The failure of the Guarantor to comply with its obligations under the Lease Guaranty in accordance with the terms and conditions therein.”

(g) The definition of “Company” in Section 10.1 of the Facility Site Lease is deleted in its entirety and the following is substituted in lieu thereof:


(h) The following definition of “Extension Option” is hereby added to and inserted in the appropriate alphabetical order to Section 10.1 of the Facility Site Lease:

“Extension Option: Has the meaning specified in the Facility Agreement.”

(i) The definition of “Facility Agreement” in Section 10.1 of the Facility Site Lease is deleted in its entirety and the following is substituted in lieu thereof:

“Facility Agreement: Waste Disposal and Service Agreement dated as of January __, 2012, by and among the City, the County and the Company, as amended, modified, or supplemented from time to time.”

(j) The following definition of “Guarantor” is hereby added to and inserted in the appropriate alphabetical order to Section 10.1 of the Facility Site Lease:

“Guarantor: Covanta Holding Corporation, a Delaware corporation and the parent company of the Company.”
5. **Counterparts.** This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by telecopier or electronic delivery shall be effective as delivery of a manually executed counterpart of this Amendment No. 2.

*[Signature Page Follows]*
IN WITNESS WHEREOF, the parties have duly executed this Amendment No. 2 as of the date first mentioned above.

ATTEST: 

CITY OF ALEXANDRIA, VIRGINIA

By: __________________________
Name: _________________________
Title: __________________________
[seal]

By: __________________________
Name: _________________________
Title: __________________________

ATTEST:

ARLINGTON COUNTY, VIRGINIA

By: __________________________
Name: _________________________
Title: __________________________
[seal]

By: __________________________
Name: _________________________
Title: __________________________

ATTEST:

COVANTA ALEXANDRIA/ARLINGTON, INC.

By: __________________________
Name: Patricia Collins
Title: VP + Assistant Secretary
[seal]

By: __________________________
Name: Paul E. Stauder
Title: Sr VP

[Amendment No. 2 to Facility Site Lease]
Attachment 1

EXHIBIT B

Required Insurance

Tenants shall obtain and maintain, at its sole cost and expense, the following insurance.* Such insurance requirements may be satisfied by the insurance maintained by the Company.

(a) **Workers’ Compensation Insurance**

Workers’ Compensation Insurance required by Applicable Law, with the Company as named insured, with a deductible amount of not greater than $500,000.

(b) **Employer’s Liability Insurance**

Employer’s Liability Insurance with a limit of liability of not less than $1,000,000, with the Company as named insured and with a deductible amount of not greater than $500,000.

(c) **Commercial General Liability Insurance**

Commercial General Liability and Property Damage Insurance, with Contractual Liability and Products/Completed Operations coverage, with primary limits of liability of $1,000,000 combined occurrence for bodily injury and property damage, and $1,000,000 combined aggregate for bodily injury and property damage, with the Company as named insured, the Landlords named as additional insureds, and with a deductible amount of not greater than $250,000.

(d) **Comprehensive Automobile Liability Coverage**

Comprehensive Automobile Liability insurance with a combined single limit for bodily injury and property damage, of at least $1,000,000 with the Company as named insured and with a deductible amount of not greater than $250,000.

(e) **Excess Umbrella Liability Coverage**

Excess Umbrella Liability Insurance in the amount of $50,000,000 with the Company as named insured, the Landlords named as additional insureds and with a self insured retention of $250,000 or less.
(f) **“Broad Form” Property Damage Insurance**

Insurance for loss, damages or destruction to the Facility (including boiler and machinery) caused by “broad form” peril in an amount at all times equal to the full replacement value of the Facility (including, to the extent available on commercially reasonable terms, insurance for such loss caused by flood or earthquake), with the Company as named insured and with a deductible amount not to exceed $250,000, except for coverage for wind and earthquake which shall have a deductible amount not to exceed $500,000.

(g) **Business Interruption Insurance**

Business Interruption and Extra Expense Insurance covering expenses and losses due to business interruption, design errors and omissions and faulty workmanship and materials with limits equal to at least the estimated revenues of the Company for the following fiscal year. The Company shall be named insured and the Landlord’s shall be named as additional insureds as their interests may appear and the deductible amount shall be 14 days.

(h) **Boiler and Machinery Insurance**

Boiler and Machinery coverage on a comprehensive basis sufficient to replace boiler and machinery items, with the Company as named insured and with a deductible amount of $25,000 or less.

(i) **Pollution Liability Insurance**

Pollution liability insurance with limits not less than $2,000,000 per occurrence and $6,000,000 annual aggregate, with the Company as named insured and the Landlord’s named as additional insureds.

(j) **Hauler Insurance**

Tenant shall require all haulers delivering Solid Waste to the Facility to obtain and maintain commercial general liability insurance and commercial automobile insurance with limits not less than $1,000,000 per occurrence and $2,000,000 annual aggregate.

* All insurance policies required to be secured and maintained by Tenant under this Lease shall provide that each insurance company shall have no recourse against the Landlords for payment of any premiums or for assessments under any form of policy.
Attachment 2

Exhibit C

Lease Guaranty

THIS GUARANTY made as of the ___ day of January, 2012, COVANTA HOLDING CORPORATION, a Delaware corporation ("Guarantor"), having its principal place of business in Morristown, New Jersey, to and for the benefit of the CITY OF ALEXANDRIA, VIRGINIA (the "City") and ARLINGTON COUNTY, VIRGINIA (the "County", and together with the City, the "Jurisdictions"). Guarantor and the Jurisdictions are referred to herein individually as a "Party" and collectively as the "Parties."

WHEREAS, the Jurisdictions contracted with Covanta Alexandria/Arlington, Inc, a Virginia corporation and a wholly owned subsidiary of the Guarantor (the "Company"), for Solid Waste disposal and Processing services at the waste-to-energy facility located in Alexandria, Virginia (the "Project"), pursuant to that certain Waste Disposal and Service Agreement, dated as of January ____, 2012 (as amended, supplemented or otherwise modified from time to time) (the "Service Agreement");

WHEREAS, the Jurisdictions are willing to enter into the Service Agreement only upon the condition that Guarantor execute this agreement, to guarantee payment and performance of the Company’s covenants, agreements and obligations of the Company under (a) that certain Amended and Restated Site Lease dated as of October 1, 1985, as amended (the "Site Lease"); and (b) that certain Operating Lease Agreement dated as of November 1, 1998, as amended (the "Operating Lease Agreement", and together with the Site Lease, the "Lease Agreements"), for the Extended Term under the Service Agreement in the event the Jurisdictions, in their sole discretion, exercise their Extension Option in accordance with the terms of the Service Agreement;

WHEREAS, the Guarantor has agreed to guarantee payment and performance of the Company’s covenants, agreements and obligations under the Lease Agreements and any amendment(s) thereto; and

WHEREAS, the Guarantor will benefit from the transactions contemplated by the Service Agreement.

NOW, THEREFORE, in consideration of the foregoing and for valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Guarantor for the purpose of inducing the Jurisdictions to enter into the Service Agreement, the Guarantor hereby makes the following guarantees to and agreements with the Jurisdictions:

Section 1. Definitions. Capitalized terms not otherwise defined herein shall have the meanings assigned them in the Service Agreement.

Section 2. Guaranty. Beginning on October 1, 2025, provided that one or both of the Lease Agreements are in effect, Guarantor absolutely, irrevocably and unconditionally guarantees to the Jurisdictions: (a) the due and punctual payment of (i) each payment required to
be made by Company under the Lease Agreements, when and as due, including payments in respect of reimbursement of disbursements and interest thereon and (ii) all other monetary obligations of the Company under the Lease Agreements, including without limitation all indemnities, fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, whether such obligations now exist or arise hereafter (all such obligations referred to in this clause (a) being collectively referred to as the "Monetary Obligations"); and (b) the due and punctual performance and observance of, and compliance with, all covenants, agreements and obligations of the Company under or pursuant to the Lease Agreements, or any other agreement or instrument entered into by the Company in connection with the Lease Agreements, whether such obligations now exist or arise hereafter (all such obligations referred to in the preceding clauses (a) and (b) being collectively referred to as the "Obligations"). Guarantor agrees that the Obligations may be extended, amended, modified or renewed, in whole or in part, without notice to or further assent of Guarantor, and that of Guarantor will remain bound by and will honor its guarantee hereunder notwithstanding any extension, amendment, modification or renewal of any Obligation by any Jurisdiction and the Company. This Guaranty shall remain in full force and effect until (1) with respect to the Site Lease, the expiration of the Site Lease; and (2) with respect to the Operating Lease Agreement, the expiration of the Operating Lease Agreement.

Section 3. **Obligations Not Waived.** To the fullest extent permitted by Applicable Law, Guarantor waives all notices whatsoever with respect to this Guaranty and the Lease Agreements or with respect to the Obligations, including presentation to, demand of payment from and protest to the Company of any of the Obligations, and notice of acceptance of its guarantee and notice of protest for nonpayment. To the fullest extent permitted by Applicable Law, the Obligations of Guarantor hereunder shall not be affected by (a) the failure of any Jurisdiction to assert any claim or demand or to enforce or exercise any right or remedy against the Company in respect of the Obligations or otherwise under the provisions of the Lease Agreements, or otherwise, or, in each case, any delay in connection therewith, or (b) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of the Lease Agreements, or any other agreement to which the Company is a party.

Section 4. **Continuing Guaranty of Payment and Performance.** Guarantor further agrees that its guaranty constitutes a continuing guaranty of payment and performance when due, and not of collection, and Guarantor further waives any right to require that any resort be had by any Jurisdiction to any security.

Section 5. **No Discharge or Diminishment of Guaranty.**

(a) The obligations of Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination, or be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever, or otherwise be affected, for any reason (other than the performance in full of all Obligations, including the indefeasible payment in full of all Monetary Obligations, or the termination of all the Obligations), including: any claim of waiver, release, surrender, alteration or compromise of any of the Obligations; the invalidity, illegality or unenforceability of the Obligations; the occurrence or continuance of any event of bankruptcy, reorganization, insolvency, receivership or other similar proceeding with respect to the Company or any other person (for purposes hereof, "person" means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated
organization or Governmental Authority), or the dissolution, liquidation or winding up of the Company or any other person; any permitted assignment or other transfer of this Guaranty by any Jurisdiction or any permitted assignment or other transfer of the Lease Agreements; any sale, transfer or other disposition by Guarantor of any direct or indirect interest it may have in the Company or any other change in ownership or control of the Company; or the absence of any notice to, or knowledge on behalf of, Guarantor of the existence or occurrence of any of the matters or events set forth in the foregoing clauses.

(b) Without limiting the generality of the foregoing, the Obligations of Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Jurisdictions to assert any claim or demand or to enforce any remedy under the Lease Agreements, by any waiver or modification of any provision thereof, by any default, failure or delay, willful or otherwise, in the performance of the Obligations, or by any other act or omission that may or might in any manner or to any extent vary the risk of Guarantor or that would otherwise operate as a discharge of Guarantor as a matter of law or equity (other than the performance in full of all Obligations, including the indefeasible payment in full in cash of all Monetary Obligations, or the termination of all the Obligations).

Section 6. Defenses Waived. A Jurisdiction may compromise or adjust any part of the Obligations, make any other accommodation with the Company or exercise any other right or remedy available to it against the Company, without affecting or impairing in any way the liability of Guarantor hereunder except to the extent all the Obligations have been fully and finally performed, including the indefeasible payment in full of all Monetary Obligations, or terminated. To the fullest extent permitted by Applicable Law, Guarantor waives any defense arising out of any such Jurisdiction's election even though such election operates, pursuant to Applicable Law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of Guarantor against the Company or any security. Guarantor waives all defenses to which it may be entitled under Applicable Law as in effect or construed from time to time.

Section 7. Representations and Warranties of Guarantor. Guarantor represents and warrants to the Jurisdictions as follows:

(a) Organization. Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as is now being conducted.

(b) Authority Relative to this Guaranty. Guarantor has all necessary corporate power and authority to execute and deliver this Guaranty and to perform its obligations hereunder. The execution and delivery by Guarantor of this Guaranty and performance by Guarantor of its obligations hereunder have been duly and validly authorized by and on behalf of the Guarantor and no other corporate proceedings on the part of Guarantor are necessary to authorize this Guaranty or performance by Guarantor of its obligations hereunder. This Guaranty has been duly and validly executed and delivered by Guarantor and constitutes a valid and binding agreement of Guarantor, enforceable against Guarantor in accordance with its terms.
(c) **Consents and Approvals; No Violation.**

(i) Neither the execution and delivery of this Guaranty by Guarantor nor performance by Guarantor of its obligations hereunder will (x) conflict with or result in any breach of any provision of the organizational or governing documents or instruments of Guarantor, (y) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement, lease or other instrument or obligation to which Guarantor or any of its subsidiaries is a party or by which any of their respective assets may be bound or (z) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Guarantor, or any of its assets, except in the case of clauses (y) and (z) for such failures to obtain a necessary consent, defaults and violations which would not, individually or in the aggregate, have a material adverse effect on the ability of Guarantor to discharge its obligations under this Guaranty (a "Guarantor Material Adverse Effect").

(ii) No declaration, filing or registration with, or notice to, or authorization, consent or approval of any Governmental Authority is necessary for performance by Guarantor of its obligations hereunder, other than such declarations, filings, registrations, notices, authorizations, consents or approvals which, if not obtained or made would not, individually or in the aggregate, have a Guarantor Material Adverse Effect.

Section 8. **Agreement to Perform and Pay Subordination.** In furtherance of the foregoing and not in limitation of any other right that any Jurisdiction has at law or in equity against Guarantor by virtue hereof, upon the failure of the Company, to perform or pay any Obligation when and as the same shall become due, Guarantor hereby promises to and will forthwith, as the case may be, (a) perform, or cause to be performed, such unperformed Obligations and (b) pay, or cause to be paid, to the Jurisdictions the amount of such unpaid Monetary Obligations. Upon payment by Guarantor of any sums to the Jurisdictions as provided above, all rights of Guarantor against the Company, arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full of all the Monetary Obligations. If any amount shall erroneously be paid to Guarantor on account of (i) such subrogation, contribution, reimbursement, indemnity or similar right or (ii) any such indebtedness of the Company, such amount shall be held in trust for the benefit of the Jurisdictions and shall forthwith be paid to the Jurisdictions to be credited against the payment of the Monetary Obligations or performance in accordance with the terms of the Lease Agreements.

Section 9. **Information.** Guarantor assumes all responsibility for being and keeping itself informed of the Company’s financial condition and assets, and of all other circumstances bearing upon the risk of nonperformance of the Obligations (including the nonpayment of Monetary Obligations) and the nature, scope and extent of the risks that Guarantor assumes and incurs hereunder, and agrees that the Jurisdictions do not have any duty to advise Guarantor of information known to it regarding such circumstances or risks.

Section 10. **Termination and Reinstatement.** This Guaranty shall be effective as of the Effective Date (a) shall terminate when all the Obligations have been (i) performed in full, including the indefeasible payment in full of the Monetary Obligations or (ii) terminated and (b)
shall continue to be effective or be reinstated, as the case may be, if at any time any payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by the Jurisdictions upon the bankruptcy or reorganization of the Company or Guarantor or for any other reason.

Section 11. **Assignment; No Third Party Beneficiaries.** This Guaranty and all of the provisions hereunder shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, and nothing herein express or implied will give or be construed to give any entity any legal or equitable rights hereunder. Neither this Guaranty nor any of the rights, interests and obligations hereunder shall be assigned by Guarantor, including by operation of law, without the prior written consent of the Jurisdictions; provided, however, that no assignment or transfer of rights or obligations by Guarantor shall relieve it from the full liabilities and the full financial responsibility, as provided for under this Guaranty, unless and until the transferee or assignee shall agree in writing to assume such obligations and duties and the Jurisdictions have consented in writing to such assumption.

Section 12. **Amendment and Modification, Extension; Waiver.** This Guaranty may be amended, modified or supplemented only by an instrument in writing signed on behalf of each of the Parties. Any agreement on the part of a Party to any extension or waiver in respect of this Guaranty shall be valid only if set forth in an instrument in writing signed on behalf of such Party. The failure of a Party to this Guaranty to assert any of its rights under this Guaranty or otherwise shall not constitute a waiver of such rights.

Section 13. **Governing Law.** It is the express intention of the Parties that all legal actions and proceedings related to this Guaranty or to any rights or any relationship between the Parties arising therefrom shall be solely and exclusively initiated and maintained in the courts of the Commonwealth of Virginia and the laws of the Commonwealth of Virginia shall govern the validity, interpretation, construction and performance of this Guaranty, excluding any conflict-of-law rules which would direct the application of the law of another jurisdiction.

Section 14. **Notices.** All notices and other communications hereunder shall be in writing and shall be deemed given (as of the time of delivery or, in the case of a facsimile communication, of the times of confirmation) if delivered personally, sent by overnight courier (providing proof of delivery) or electronic mail (with follow up copy sent by any of the aforesaid means) to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice):

If to the City:

City of Alexandria, Virginia
City Hall
301 King Street
Alexandria, Virginia 22313
Attention: City Manager
Email: rashad.young@alexandriava.gov
With a copy to (which shall not constitute notice):

City of Alexandria, Virginia
City Hall
301 King Street
Alexandria, Virginia 22313
Attention: Director of Transportation and Environmental Services
Email: rich.baier@alexandriava.gov

With a copy to (which shall not constitute notice):

City of Alexandria, Virginia
City Hall
301 King Street
Alexandria, Virginia 22313
Attention: City Attorney
Email: james.banks@alexandriava.gov

If to the County:

Arlington County, Virginia
2100 Clarendon Boulevard
Arlington, Virginia 22201
Attention: Director, Department of Environmental Services
Email: des@arlingtonva.us

With a copy to (which shall not constitute notice):

Arlington County, Virginia
2100 Clarendon Boulevard
Arlington, Virginia 22201
Attention: County Manager
Email: countymanager@arlingtonva.us

With a copy to (which shall not constitute notice):

Arlington County, Virginia
2100 Clarendon Boulevard, Ste 403
Arlington, Virginia 22201
Attention: County Attorney
Email: cao@arlingtonva.us
If to the Guarantor:

Covanta Holding Corporation
445 South Street
Morristown, NJ 07960
Attention: Timothy J. Simpson, General Counsel
Email: tsimpson@covantaenergy.com

Section 15. Jurisdiction and Enforcement.

(a) Each of the Parties irrevocably submits to the exclusive jurisdiction of (i) the United States District Court for the Eastern District of Virginia, Alexandria Division, or (ii) any other Virginia court sitting in Alexandria, Virginia or Arlington, Virginia for the purposes of any suit, action or other proceeding arising out of this Guaranty or any transaction contemplated hereby. Each of the Parties agrees to commence any action, suit or proceeding relating hereto either in the United States District Court for the Eastern District of Virginia, Alexandria Division. Each of the Parties further agrees that service of process, summons, notice or document by hand delivery or U.S. registered mail at the address specified for such Party in Section 14 (or such other address specified by such Party from time to time pursuant to Section 14) shall be effective service of process for any action, suit or proceeding brought against such Party in any such court. Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Guaranty or the transactions contemplated hereby in (i) the United States District Court for the Eastern District of Virginia, Alexandria Division or (ii) any other Virginia court sitting in Alexandria, Virginia or Arlington, Virginia and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Parties agree that irreparable damage would occur in the event that any of the provisions of this Guaranty were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled equitable relief, including without limitation, an injunction or injunctions to prevent breaches of this Guaranty and to specifically enforce the terms and provisions of this Guaranty, this being in addition to any other remedy to which they are justly entitled to, whether at law or in equity.

Section 16. Survival of Guaranty. All covenants, agreements, representations and warranties made by Guarantor herein and in any certificates or other instruments prepared or delivered in connection with or pursuant to this Guaranty shall be considered to have been relied upon by the Jurisdictions and shall unconditionally survive the consummation of the transactions contemplated by the Lease Agreements, regardless of any investigation made by the Jurisdictions or on their behalf, and shall continue in full force and effect as long as any Obligations remain outstanding.

Section 17. Effectiveness; Counterparts. This Guaranty shall become effective when executed by Guarantor. This Guaranty may be executed in two counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument.
Section 18. **Rules of Interpretation.** The rules of interpretation specified in Section 1.2 of the Service Agreement shall be applicable to this Guaranty.

Section 19. **Severability.**

(a) If any term or other provision of this Guaranty is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Guaranty shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Guaranty so as to effect the original intent of the Parties as closely as possible to the fullest extent permitted by Applicable Law, in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

(b) In the event that the provisions of this Guaranty are claimed or held to be inconsistent with any other agreement or instrument evidencing the Obligations, the terms of this Guaranty shall remain fully valid and effective.

Section 20. ** Entire Guaranty.** This Guaranty embodies the entire agreement and understanding of the Parties in respect of the matters contemplated hereby. There are no restrictions, promises, representations, warranties, covenants or undertakings other than those expressly set forth or referred to herein. This Guaranty supersedes all prior agreements and understandings between the Parties with respect to the matters contemplated hereby.

{Signature Page Follows]
IN WITNESS WHEREOF, this Guaranty has been duly executed and delivered by the
Guarantor as of the date first above written.

COVANTA HOLDING COMPANY

By: ____________________________
   Name:
   Title: